

Chapter 11 - Describing Agency Needs

Section 11.1 Statements of Work

11.1.1 PURPOSE

The purpose of this section is to convey to contracting personnel the fundamental principles of how to prepare a statement of work (SOW), defined as the written description of the contractual requirement for supplies or services. Agency personnel should apply the concepts outlined in this section and tailor them to the particular requirements of a procurement. Parts of this section cover the importance of the SOW, contract types, different types of SOWs, the relationship of the SOW to the solicitation and contract, and elements of the SOW. Also addressed in this section is performance-based service contracting (PBSC), the preferred method of contracting.

11.1.2 BACKGROUND

As a result of the numerous procurement reform measures, contracting rules and regulations have changed significantly. The Federal Acquisition Regulation (FAR) requires that contractual requirements be described in a manner that promotes full and open competition to the maximum extent practicable.

In October 1998, the OFPP issued a guide, "Information on Best Practices For Performance-Based Service Contracting." This section expands upon the information contained in the FAR, and the OFPP guide. This section provides additional guidance to contracting personnel on how to draft a PBSC SOW, hereafter referred to as a Performance-based Work Statement (PWS).

In preparing SOWs, Agency personnel are required to review the FAR and the OFPP guide. All three of these documents can be accessed through the Office of Acquisition Management's intranet site at <http://intranet.epa.gov/oamintra>. Click on Procurement Policy Information, scroll down to and click on Virtual Acquisition Research Center, and then open up the FAR or the Office of Federal Procurement Policy site to view the Policy Letter and guide "Information on Best Practices for Performance-Based Service Contracting."

This section was originally issued as Chapter 21 of the Contracts Management Manual.

11.1.3 AUTHORITY/APPLICABILITY

FAR Part 11 provides the authority for this section. In addition, FAR 37.6 implements policy letter 91-2. OFPP has also issued guidance entitled [Information on Best Practices for Performance-Based Services Contracting](#).

11.1.4 DEFINITIONS

- A) Statement of Work - The Statement of Work (SOW) is the central part of the procurement. It is a written description of the contractual requirements for supplies or services that the Government requires from the contractor. It delineates the tasks, describes essential technical needs or requirements which the contractor must fulfill, provides the schedule the contractor must meet, sets forth the required deliverables, and provides the standards that the Government will use to determine that the requirements have been met.

The SOW is developed by the technical expert in the originating program office in coordination with the cognizant Contracting Officer (CO) and is reviewed by the Office of General Counsel (OGC) as appropriate.

11.1.5 POLICY

11.1.5.1 The Importance of the Statement of Work (SOW)

The preparation of the SOW is a critical step in the acquisition process because it is closely related to the extent of competition and procurement technique used. The SOW is also a basis for determining the type of contract. The degree of specificity used in the SOW will be the primary criterion used by the CO in determining among the various contract types set forth in FAR Part 16 that could be used for an acquisition.

Additionally, the SOW is the basis for preparation of the Independent Government Cost Estimate (IGCE). The IGCE is developed by the program office and is based on the individual elements of cost estimated for each of the components and sub-components of the SOW. The IGCE is one of the tools used by the CO to determine if the contractors proposed price/cost is fair and reasonable.

The contractor develops and prepares their proposal from the SOW. The contractor must understand the SOW requirements sufficiently to develop its technical, management and price/cost proposals. The SOW must provide enough information without need for further explanation from the Government.

The SOW establishes a uniform basis for judging accountability and responsiveness of all prospective contractor proposals received, and aids the Government in evaluating and selecting the best contractor.

After contract award, the SOW is used as the basis for ordering work and measuring contractor performance. For example, is the contractor meeting the milestones set forth in the SOW? Do the final reports contain all the necessary data?

The SOW is the contract's description of the requirement(s) that the contractor is required to follow and deliver. Accordingly, it must clearly describe what is being procured and contain any special considerations or constraints that apply.

11.1.5.2 Relationship of the SOW to the Solicitation and Contract

The SOW is the key document that the CO considers in selecting the appropriate contract type and, subsequently, all the information contained within the solicitation and resultant contract. During the solicitation process, contractors use the SOW to develop and price their proposals; the Government then uses the SOW as a tool in evaluating the proposals. After award, the SOW, along with the rest of the contract document, becomes the basis for contractual performance. The SOW is one of the main documents in the procurement process, from initiation through completion, and final closeout of the contract. Therefore, understanding the format and content of a solicitation and contract is critical in developing an effective SOW.

A) Format and Content of the Solicitation and Contract

Solicitations and contracts are written using the uniform contract format established in FAR Part 15 (when contracting by negotiation). The uniform contract format is comprised of four (4) parts as delineated below. The author of the SOW is primarily interested in Part 1, Section C (the SOW), and Part IV, Sections L and M.

Part I - "The Schedule" This part contains sections A-H:

- A. Solicitation/contract form
- B. Supplies or services and prices/costs
- C. Description/specifications/work statement (SOW)
- D. Packaging and marking instructions
- E. Inspection and acceptance criteria
- F. Deliveries or performance
- G. Contract administration data
- H. Special contract requirements

Part II - "Contract Clauses" (related to the type of contract used)

I. Standard Contract Clauses

Part III - "List of Documents, Exhibits, and Other Attachments"

J. List of attachments

Part IV - "Representations and Instructions" This part contains sections K-M:

K. Representations, certifications, and other statements of offerors

L. Instructions, conditions, and notices to offerors

M. Evaluation factors for award

Parts I through III make up the contractual document. Part IV contains information related to the solicitation process. The entire document (Parts I - IV) is used during the solicitation process. When the contract is awarded, Part IV is deleted and Section K is usually incorporated into the contract by reference.

B) Relationship of Sections C, L, and M.

It is the responsibility of the Program Office in coordination with the CO to develop the SOW (Section C); the proposal preparation instructions (Section L); and the evaluation factors for award (Section M). These three sections are directly related to each other. The SOW describes the work to be performed by the contractor. Section M describes: (1) the evaluation factors for selection purposes; (2) their relative importance, and (3) how the proposals will be evaluated. General evaluation factors usually include technical expertise, management and corporate experience, past performance, and cost/price. The factors and their importance must be developed by analyzing the SOW, and identifying those aspects of the requirement that are most important to accomplishing the work. Section L is based on Section M and the SOW. Proposal preparation instructions are used to: (1) ensure that contractors submit proposals that permit full evaluation of each offeror's expertise and ability to perform the required work; (2) standardize proposal format (this facilitates the Government's review and evaluation of proposals); and (3) require the submission of specific information from the contractor to address each evaluation factor set forth in Section M. The CO is responsible for preparing the remaining sections of the solicitation and resultant contract.

11.1.5.3 Contract Types

The SOW and contract type are directly related. The SOW should be written as clearly as

possible by concentrating on the output needed from the contractor rather than on the specifics of how to do the work. The final decision on contract type is up to the CO, but the SOW is the main document relied on in making this decision. Contract types are grouped into several broad categories including fixed-price (see FAR Subpart 16.2), cost-reimbursement (see FAR Subpart 16.3), and indefinite-delivery/indefinite-quantity (see FAR Subpart 16.5). The specific contract types range from firm-fixed-price (in which the contractor has full responsibility for performance costs and resulting profit (or loss) to cost-plus-fixed-fee in which the contractor has minimal responsibility for performance costs and the negotiated fee (profit) is fixed). In between these two types of contracts are incentive type contracts (see FAR Subpart 16.4) (in which the contractor's responsibility for the performance costs and profit or fee incentives offered are tailored to the uncertainties involved in contract performance). This section does not address all of the contract types used by the Agency or outlined in FAR Part 16, only those types that are typically used in the Agency.

It is important to note that a contract type may be a "hybrid," combining both cost reimbursement and fixed-price type provisions (See FAR 16.102(b)). For example, if the SOW can only be written in broad general terms with services to be ordered via delivery orders, task orders, or work assignments, then the CO will most likely determine that the contract type should be cost reimbursement. However, the CO may also add fixed-price contract provisions to allow for fixed price or cost reimbursement completion type efforts where the price can be accurately estimated and fixed based on historical data.

In addition, the same principle holds true for ordering services as performance-based. Regardless of the SOW uncertainties and the contract type(s) used, it may be determined during contract administration that orders can be issued as performance-based. In this scenario, the ordering vehicle must contain a performance work statement and quality assurance surveillance plan (see subsections 11.1.5.6 and 11.1.5.7). As of the effective date of this chapter, the definitions contained in subsections A through E below mirror the current FAR subparts.

A) Firm-Fixed-Price Contracts (FAR 16.202)

A firm-fixed-price contract is appropriate for services that can be objectively defined in the solicitation for which risk of performance is manageable. This type of contract places maximum risk and full responsibility for all costs and resulting profit or loss upon the contractor. It provides maximum incentive for the contractor to control costs and perform effectively. A firm-fixed price contract is suitable for acquiring commercial items (see FAR Parts 2 and 12), or for acquiring other supplies or services on the basis of reasonably defined functional or detailed specifications (see FAR Part 2 and additional information which follows). The Contracting Officer can establish fair and reasonable prices at the outset, such as when: (1) there is adequate price competition; (2) there are reasonable price comparisons with prior purchases of the same or similar supplies or services made on a competitive basis, or

supported by valid cost or pricing data; 3) available cost or pricing information permits realistic estimates of the probable costs of performance, or;

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(4) performance uncertainties can be identified and reasonable estimates of their cost impact can be made, and the contractor is willing to accept a firm-fixed price representing assumption of the risks involved.

In a firm-fixed-price contract, the contract price is fixed at the time of award and generally cannot be changed unless the scope of work is changed. Fixed-price contracts are generally used for commercial or commercial-like supplies or services that are available on the open market. This type of contract is only used when the SOW is definitive enough for the contractor to estimate the cost of contract performance accurately. If the contractor cannot complete performance at the established award price, then the contractor must complete the work at its own expense. This places a significant burden on the drafter of the SOW, to ensure that the SOW is definitive enough for the contractor to accurately estimate the costs of performance. When the requirement involves performance uncertainties or risks, a fixed-price contract is usually inappropriate. Performance uncertainties exist when the final outcome is uncertain, or the requirement cannot be defined except through on-going performance (e.g., as in a research and development effort). Uncertainties may also be found in requirements for analytical studies, and creative efforts such as developing computer software and training materials.

B) Firm-Fixed-Price, Level-of-Effort Term Contracts (FAR 16.207)

This type of contract requires the contractor to provide a specific level of effort, over a stated period of time, on work that can only be stated in general terms; and requires the Government to pay the contractor a fixed dollar amount. This contract type is suitable for investigation or study in a specific research and development area. The end product is usually a report showing the results achieved during performance. Payment is based on the effort expended, and not the results achieved. Type of contract may only be used when: (1) the work required cannot otherwise be clearly defined; (2) the required level of effort is identifiable and agreed upon in advance; (3) there is reasonable assurance that the intended result cannot be achieved by using less than the stipulated effort; and (4) the contract price is \$100,000 or less, unless approved by the CCO.

C) Cost-Reimbursement Contracts (FAR 16.30)

Cost-reimbursement type contracts are appropriate for services that can only be defined in general terms, when the nature of the work is uncertain, or creative effort is required. Cost reimbursement type contracts provide for payment of allowable incurred costs, to the extent prescribed in the contract. These contracts establish an estimate of total costs for the purpose of obligating funds and establishing a ceiling that the contractor may not exceed (except at its own risk) without approval of the CO. Cost-reimbursement contracts are suitable for use when performance uncertainties do not permit costs to be estimated with sufficient accuracy

to use a fixed-price type of contract. With this type of contract, the risk is on the Government and requires extensive oversight. A cost-reimbursement contract may only be used when: (1) the contractor's accounting system is adequate for determining costs applicable to the contract; and (2) appropriate Government surveillance during performance will provide reasonable assurance that efficient methods and effective cost controls are used. Use of a cost-reimbursement contract is prohibited for the acquisition of commercial items (see FAR Parts 2 and 12). The EPA typically uses the following two (2) types of cost-reimbursement type contracts:

1) Cost-Plus-Award-Fee Contracts (FAR 16.305 and 16.405-2)

A cost-plus-award-fee contract is a cost reimbursement contract that provides for a fee consisting of a base amount (which may be zero) which is fixed at the inception of the contract, and an award fee amount that the contractor may earn in whole or in part during performance. The award fee amount needs to be sufficient enough to provide the contractor motivation to strive for excellence in such areas as quality, timeliness, technical ingenuity, and cost-effective management. The amount of award fee paid to the contractor is determined by the Government's review and evaluation of the contractor's performance. The award fee is determined at stated intervals during performance so that the contractor will periodically be informed of performance quality and areas which require improvement. Contractor performance is measured against the contract's established award fee plan. It is important to note that this type of contract requires a heavier administrative burden (e.g., a significant amount of monitoring and documentation of the contractor's performance against the established criteria/elements contained in the contract's award fee plan), than any other type of contract. This additional administrative effort must be justified by the expected benefits. As a result, the CO must consider all factors including the resources and willingness of program personnel to support this type of contract. See Section 16.1 of the Contracts Management Manual for additional guidance on cost-plus-award-fee type contracts.

2) Cost-Plus-Fixed-Fee Contracts (FAR 16.306)

A cost-plus-fixed-fee type cost-reimbursement contract provides for payment to the contractor of a negotiated fee that is fixed at the inception of the contract. The fixed fee does not vary with the actual cost, but may be adjusted due to negotiated scope changes. This type of contract is appropriate for use when: the contract is for performance of research or preliminary exploration or study, and the level of effort is unknown; or the contract is for development and test, and using a cost-plus-incentive-fee type contract is not practicable.

A cost-plus-fixed-fee type contract may take one of two basic forms, completion or term. The completion form describes the scope of work by stating a definite goal or target and specifying an end product. The contractor is normally required to complete and deliver the specified end product (e.g., a final report of research). The contractor is responsible for performing the effort within the estimated cost, as a condition of payment of the entire fixed fee. In the event the work cannot be completed within the estimated cost, the Government may require more effort without an increase in fee, provided the Government increases the estimated costs.

A term form cost-plus-fixed-fee type contract describes the work in general terms and obligates the contractor to devote a specified level of effort for a stated period. If the contractor's performance is considered satisfactory to the Government, the contractor is paid the fixed fee at the expiration of the term of performance. The completion form is preferred over the term form when the work can be defined well enough to permit development of realistic estimates within which the contractor can be expected to complete the work. The term form shall not be used unless the contractor is obligated by the contract to provide a specific level of effort within a definite period of time.

D) Indefinite-Delivery Contracts (FAR 16.5)

Indefinite-delivery contracts are used to acquire supplies or services when the exact times and/or the exact quantities of future deliveries are not known at the time of contract award. The indefinite-delivery type contract is usually priced on a fixed price per line item basis, but any cost or pricing arrangement authorized by FAR Part 16 may be used. There are three (3) types of indefinite delivery contracts:

1) Definite-Quantity Contracts (FAR 16.502)

A definite-quantity arrangement provides for the delivery of a definite quantity of specific supplies or services for a fixed period, with deliveries or performance at designated locations upon order. This type of contract may be used when it can be determined in advance that; (1) a definite quantity of supplies or services will be required during the contract period, and; (2) the supplies or services are regularly available, or will be available after a short lead time. Supplies are ordered via delivery orders and services are ordered via task orders or work assignments.

2) Requirements Contracts (FAR 16.503)

This arrangement provides for delivery of all requirements of supplies or services during a specified contract period, with deliveries or performance to be scheduled by

placing orders with the contractor. If feasible, the contract shall state the maximum limit of the contractor's obligation to deliver and the Government's obligation to order. Also, the contract may specify maximum or minimum quantities that the Government may order under each individual order and the maximum that it may order during a specified period of time. This type of contract may be appropriate for acquiring supplies or services when the Government anticipates recurring requirements, but cannot predetermine the precise quantities needed during a definite period.

3) Indefinite-Quantity Contracts (FAR 16.504)

An indefinite-quantity arrangement provides for the delivery of an indefinite quantity: within stated limits; of specific supplies or services to be furnished during a fixed period; with deliveries or performance to be scheduled by placing orders with the contractor. This arrangement permits the ordering of supplies or services after requirements materialize - with flexibility in both quantities and delivery scheduling. The contract requires the Government to order and the contractor to finish at least the stated minimum quantity of supplies or services. The contract limits the Government's obligation to the minimum quantity specified in the contract. Quantity limits may be expressed in terms of numbers of units or as dollar values. The minimum quantity must be more than nominal, but it should not exceed the amount the Government is fairly certain to order. In addition, if ordered, the contractor shall furnish any additional quantities (not to exceed the contract's stated maximum). The contract may also specify maximum and minimum quantities that the Government may order under each task order, work assignment, or delivery order and the maximum that it may order during a specific period of time.

An indefinite-quantity contract may be used when the Government cannot predetermine, above a specified minimum, the precise quantities required during the contract period. This type of contract should be used only when a recurring need is anticipated. FAR Subpart 16.504(c) states that except for indefinite-quantity contracts for Advisory and Assistance Services (AAS), the CO shall, to the maximum extent practicable, give preference to making multiple awards of indefinite-quantity contracts under a single solicitation for the same or similar services to two or more sources.

Multiple awards should not be made if there is only one contractor capable of providing the supply or service; or the Government would receive more favorable terms and conditions, including pricing, if a single award was made; or the cost of administration may outweigh the benefits; or the tasks to be ordered are integrally related and only one contractor can perform the work; or the total estimated value of the contract is less than the simplified acquisition threshold; or multiple awards would

not be in the best interest of the Government.

If an indefinite-quantity contract is for advisory and assistance services (AAS), and will exceed three years and \$10,000,000, including all options, multiple awards shall be made unless an exception applies. FAR Subpart 2.101 defines AAS as: "Services provided under contract by nongovernmental sources to support or improve: organizational policy development; decision-making; management and administration; program and/or project management and administration; or research and development activities. It can also mean the furnishing of professional advice or assistance rendered to improve the effectiveness of Federal management processes or procedures (including those of an engineering and technical nature)." AAS is also discussed in FAR Subpart 37.2.

E) Time-and-Materials and Labor-Hour Contracts (FAR 16.601 and 16.602)

A time-and-materials contract provides for acquiring supplies or services on the basis of: (1) direct labor hours at specified fixed hourly rates that include wages, overhead, general and administrative expenses, and profit; and (2) materials at cost, including, if appropriate, material handling costs as part of material costs. This type of contract may be used only when it is not possible at the time of placing the contract to estimate accurately the extent or duration of the work, or to anticipate costs with any reasonable degree of confidence. A time-and-materials contract provides no profit incentive to the contractor for cost control or labor efficiency. Therefore, appropriate Government surveillance is required.

A labor-hour contract is the same as a time-and-materials contract except that no materials are supplied by the contractor. This type of contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, appropriate Government surveillance is required. Both time and material and labor-hour contracts may be used only after the CO executes a determination and findings that no other contract type is suitable. Also, the contract must include a ceiling price that the contractor exceeds at its own risk.

11.1.5.4 Types of Statements of Work

SOWs may be written in different ways depending on the nature of the requirement. They can be written as a performance-based work statement (PWS), a fictional description, a design description, or a combination of any of these.

Regardless of the type of SOW used, it must contain only those requirements necessary to meet the Agency's needs and not be unduly restrictive of competition. FAR 11.002(a)(11) states that

↑ a SOW only include restrictive provisions or conditions to the extent necessary to satisfy the

needs of the Agency or as authorized by law.↑↑ It is important to remember that acquiring services using the performance-based approach is the Government's preferred method of contracting (FAR 11. 1011 (a)). Either the entire contract should be performance-based, or if an ordering type contract issued, provisions for performance-based orders should be delineated in the contract. Exceptions are noted in subsection A, below. Use of any type of SOW other than a performance-based service contract will require approval at one level above the CO.

A) Performance-Based Service Contracting (PBSC)

Federal Acquisition Regulation (FAR) Subpart 2.101 defines performance-based contracting as "structuring all aspects of an acquisition around the purpose of the work to be performed with contract requirements set forth, in clear, specific, and objective terms with measurable outcomes as opposed to either the manner by which the work is to be performed or broad and imprecise statements of work." Services that have been successfully acquired using the PBSC concept include: water and soil laboratory testing; nontechnical support (e.g. security, laundry, grounds maintenance, facility maintenance, and equipment repair; operation and maintenance of facilities); administrative and clerical support (e.g., data entry, court reporting, typing, editing and distribution; computer maintenance; aircraft maintenance and test range support; transportation, travel and relocation services); medical services; telephone and call center operations; and software maintenance and support. Limited pilot projects and/or PBSC templates have recently been developed for environmental remediation, software development, management support, studies and analysis, and surveys. FAR Subpart 37.6 provides the policies and procedures for use of PBSC methods. Appendix 10 of the OFPP guide contains four PBSC templates for the following professional and technical services: (1) call center contracting; (2) software development; (3) training services, and (4) computer maintenance. To access these templates, follow the instructions previously noted in subsection 11.1.2.

PBSC is a concept designed to ensure that performance levels are achieved and the contractor receives compensation related to the degree that services performed meet contract standards. The work requirement is defined in terms of results required and what is to be accomplished, rather than the methods of work performance and "how" the work is to be performed. A PWS describes the effort in terms of expected results or performance standards. These standards include "what, how many, and how well" the work is to be performed. In addition to the PWS, PBSC also requires a quality assurance surveillance plan (QASP). The QASP states how the contractor's performance will be monitored and measured to determine to what extent the contractor is in compliance with the stated performance standards. The QASP focuses on the level of performance required by the PWS, rather than the methodology used by the contractor to achieve that level of performance. In addition, when a PWS is used, the contractor assumes responsibility that the work can be performed successfully. PBSC is appropriate for services which have measurable outcomes. Examples include guard services,

transportation services, maintenance and repair services, administrative services, and services which are repetitive in nature.

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Some contracts in EPA may not be conducive to being written entirely as performance-based, although certain tasks or subtasks may be able to be written and issued as a performance-based work assignment, task order, or delivery order. It may be desirable therefore to write the contract SOW in general terms and provide for the possibility of issuing a delivery order, task order, or work assignment as performance-based. If this is done, each order or work assignment must contain at least the four (4) minimum mandatory requirements listed in subsection 11.1.5.9.

B) Functional

A functional SOW describes the required efforts in terms of where, when, what, how many, and how well the work must be performed and describes the work in terms of end purpose, rather than how the work is to be performed. A functional SOW specifies what the contractor is to accomplish, such as collect data and perform an analysis, but does not give precise details of how the data is to be collected or analyzed. When a functional description is used, the contractor must respond with a technical proposal that demonstrates that the contractor has the required expertise and understanding of the requirement. When a functional SOW is used, the contractor assumes responsibility that the work can be performed successfully. Although a functional SOW has some characteristics of a PWS, a functional SOW differs from a PBSC PWS in that it is less detailed and does not contain specific measurable performance standards, nor does it use incentives. A purely functional SOW is rarely appropriate to use because in most procurement, the SOW will require certain standards and constraints (i.e., limitations or restrictions on size, weight, or specific techniques). A functional description is appropriate when there are several ways available to perform the requirement and the Government does not have to dictate which approach is to be used.

C) Design

A design SOW details exactly how the contractor must perform the work. Deviations from the specified design are not permitted. This type of SOW is appropriate when the work must be performed in a particular manner. With this type of SOW, the Government assumes responsibility that the work can be successfully performed as stated in the SOW. This type of SOW is typically undesirable and should be avoided if possible. Due to the nature of the work at EPA, this type of SOW is not used.

11.1.5.5 Format/Elements of a Statement of Work

At a minimum, a SOW should contain the following sections:

Part I - General Information

Title/Introduction

Background

Scope

Applicable Documents

Part II - Work Requirements

Technical Requirements

Deliverables

Part III - Other Special Information/Considerations as Applicable

A) Part I - General information

The introduction, background, and scope sections can be written as individual sections or combined. The purpose of these sections is to ensure that the contractor understands the purpose and extent of the requirement, and how it relates to the overall program. Specific work related information belongs in Part II, the Work Requirements Section.

1) Title/Introduction

The purpose of the introduction is to simply "title" the SOW. The title provides a general description of the requirement with only enough detail for a contractor to recognize in general what the procurement is about. This should be no more than two or three sentences. The key is that the introduction should not contain information relating to specific technical requirements, or information better placed elsewhere in the SOW.

2) Background

The purpose of the background section is to describe how the requirement evolved and its relationship to the project it supports. This helps the contractor understand the overall project environment and how the proposed work relates to it. It helps orient the contractor by providing a history of what has or has not been accomplished. The background is usually described in two or three paragraphs. This section provides the historical data the contractor needs to understand the current requirement. When

writing the background section, identify related research, studies, or other efforts that contribute to the contractor's understanding of the requirement. Reference these as background information, but explain the specific relationships as part of the appropriate task descriptions in the work requirements section. For example, if a series of studies led to a current requirement, describe the studies (briefly), then include the details of how the studies support the current requirement in the appropriate task descriptions of the work requirements section. Do not include instructions, specifications, delivery schedules or the like in the background section. Save the details of the current requirements until later in the SOW.

3) Scope

The purpose of the scope section is to describe the overall project purpose and specific objectives of the requirement to help the contractor understand the size or magnitude of the anticipated effort. This is where the contractor is provided "the big picture," written in broad, non-technical terms. As with the background section, this section should not include directions to the contractor to perform tasks or to deliver items or data. This section should also contain any information or instructions that will generally apply to the contractor's performance of work under the contract (i.e., that EPA will make all final decisions regarding contractor provided advice, recommendations, options); that work products generated under the contract will be subject to EPA review and approval; that the contractor will not interpret EPA policy or regulations. Do not indicate in the scope section the amount of funds available. When contracting for services, labor categories, and associated level-of-effort hours may be expressed in the scope.

4) Applicable Documents

The purpose of this section is to provide the contractor a consolidated listing of all documents cited in the SOW that might apply to the work requirement. This helps to ensure that the contractor does not overlook a pertinent document that might affect how the contractor develops its proposal or performs the work. These documents include Government directives, commercial specifications and standards, and other documents cited in the SOW as applicable to the work effort. The listing is placed early in the SOW to ensure that the contractor reads it. If these documents are listed as an attachment, they may be overlooked. Be sure to identify each document by title, number (if applicable), and date of the pertinent edition. Review each document to ensure that only the pertinent portions are referenced. If only a part of a document applies, reference only the applicable portions, down to the paragraph, etc. This section should also address how, where, and when the Government will provide these documents to the contractor and the format (eg., hard copy, electronic) in which the

Government will finish the information, or how the contractor can otherwise access and obtain the information. It should also state if the contractor is responsible for

returning the documents to the Government and any other special instructions for the use of these documents.

B) Part II - Work Requirements

1) Technical Requirements

The purpose of this section is to describe the contractual work requirements. This is the most important section of the SOW. It needs to contain all the technical details related to the work requirements, required end products, and any special considerations or constraints that may apply. This section also provides the criteria that will be used in determining whether or not requirements are met. Do not include any material related to other matters pertaining to the solicitation or source selection procedures. This section must be definitive enough to serve as the basis for the contractor's technical, management, and pricing proposals. A SOW prepared in explicit terms will provide you with better proposals, make technical evaluations easier, facilitate contractor performance, and allow for easier contract management and evaluation after award.

Begin by preparing an outline of key activities and tasks that the contractor is to perform. Divide the work requirements into separate, manageable units, or tasks. For example, a Superfund contractor might be asked to perform Potentially Responsible Party searches and to provide expert witnesses in enforcement cases. These efforts would be described under separate tasks. Under a large task, use subtasks as needed to further define the individual steps or efforts within the overall task. If the SOW is for an effort which must be completed in a certain sequence, place the tasks in the appropriate sequential order, first to last. Number and provide a descriptive title for each task. Consistently identify subtasks by numbers or letters. If the first task is identified with a Roman numeral, identify all other tasks by Roman numerals. In any event, every paragraph should be identifiable.

Clearly state the outcome expected by the contractor's performance. Do not provide a description of how to do it. Clarity and details are the keys to writing a good task description. Avoid vague, ambiguous and needlessly complex language. If task descriptions are vague or ambiguous, they will not convey the needs of the Agency and may result in proposals that do not meet the Agency's needs. When disputes arise regarding ambiguities, the contract is usually interpreted against the contract's author (e.g., against the EPA). If the task descriptions allow for numerous interpretations, the

CO will probably end up on the losing side in any dispute. Thus, draft task descriptions in an unambiguous manner that clearly reflects what the Agency wants done. Remember to describe what the expected output is from the contractor, not how to perform the work.

2) Deliverables

The term "deliverable" refers to a tangible product resulting from the contractor's work. Deliverables, which are sometimes referred to as "products," can take almost any form. Examples include training classes, manuals, custom software, data entry output, results of an air monitoring survey, reports, etc. If the tasks which the contractor must perform will result in deliverables, then describe in detail the deliverables the Government expects to receive. Note that while deliverables are more often addressed in detail in the task order, delivery order, or work assignment, they should be addressed in as much detail as possible at the contract level. Be sure to include the following information:

- a) Name of Deliverable;
- b) Description (Describe the tangible product which the contractor must deliver. Describe the scope of the data to be addressed, the agenda or topics to be included in workshops or guidebooks, the number of days for training courses, etc.);
- c) Delivery instructions (Identify the Government official to whom deliverables must be delivered. Also, specify a location where delivery must take place);
- d) Number of copies (Specify the delivery media and the number of hard copies, disks, etc., which the contractor must deliver); and
- e) Format for deliverable(s).

Most contracts will include language requiring the contractor to submit standardized reports such as the Monthly Progress Report and Financial Status Report. If the Government is to receive information in addition to what the standardized reports provide, then include a specialized reporting requirement as part of the SOW. This requirement will tell the contractor the specialized information they must submit, how often they must submit it and its format. If the only deliverables are reports, either standard or task specific, the SOW need only refer to the Reports of Work, an attachment to the contract (Section J). When developing specialized reporting requirement remember the following:

- Reports cost money; therefore, ask only for the information needed. Be sure to indicate if the report is to be submitted as a draft, and/or final report.
- Provide details about each piece of information needed. If the Government is asking for figures as part of the report, then specify the formula or basis the contractor must use to arrive at these figures. Do not assume the contractor will use the same approach the Government would. If possible, provide a template or sample for the report.
- Specify the media the contractor is to use. Does the Government require the report on paper only? On paper and electronically? Electronically only? If electronically, must the contractor use a certain software package (and version)? (NOTE: Stating "EPA compatible" is not sufficient. Rather, specify Lotus 1-2-3, Excel; WordPerfect, version 9; etc.)
- Specify how often the contractor must submit the report, and, if necessary, provide dates. For instance, "I, contractor shall submit the report by no later than the 15th of each month." If completion of the report is contingent upon EPA comments, then include language such as "within 10 calendar days of receipt of EPA comments."
- How many copies of the report must the contractor provide? Who receives copies of the report?
- Include the amount of time the Government has for review and approval of the reports, and the amount of time the contractor has to correct and resubmit reports.

C) Part III - Other Special Information/Considerations as Applicable

Part III of the SOW sets forth supporting information that applies to contract performance but does not anywhere else in the SOW format. Typically, these considerations are in support of, rather than part of, the requirement. Examples include a schedule and providing a definitions and acronyms section.

Include a schedule in the SOW when procuring services which must be performed in a sequential order and within a certain time frame, or when supplies must be delivered on certain dates. This schedule should show mandatory dates for completion/delivery of essential supplies or services. Be sure to list all delivery/completion dates in chronological order. Do not list delivery/completion dates for intermediate steps; provide dates for receipts of draft and final deliverables only. Always identify any legislative mandates or other bases for critical schedules. The delivery date need not always be a specific date (e.g., June 30, 2004). Instead, you may define the due date number of days, weeks or months, such as "The contractor shall submit the final report within 30 calendar days of receiving EPA comments on the draft report." List the schedules (time frames) for Government reviews, approval, furnishing of data or property, or other input. This section should not impose new requirements or ask for additional/different deliverables than those set forth in the SOW or solicitation (e.g., in the deliverables section of Reports of Work attachment).

11.1.5.6 Developing a Performance-Based Service Contract Performance Work Statement (PWS)

The PWS describes the required services in terms of the expected outputs (performance indicators) of each task, the performance standard (required quality level) for each output, and any permissible deviations (acceptable quality level) from the established performance standard. Before preparing a PWS, it is necessary to perform job analysis. Job analysis involves reviewing the Agency's needs and identifying the services and outputs required from the contractor. It should emphasize the outputs the contractor shall produce, but should not dictate how to produce these outputs. Job analysis examines how a service requirement is currently performed. It is important to distinguish between what is being done versus what the Agency perceives is being done. Job analysis also includes any known or learned changes from the previous contractor performance and outputs. Job analysis involves the seven types of analysis. The following information was taken from the OFPP Guide. Please refer to the Guide for more specifics and details on each of the areas below.

A) Organizational Analysis

Organizational analysis examines that part of the Agency to be supported by the required services, reviews the Agency's needs, and identifies the services and outputs required from the contractor. It should distinguish between what is currently being done and any changes required during the period of performance. Organizational analysis emphasizes the outputs the contractor shall produce, but should not dictate how to produce these outputs.

B) Work Analysis

Work analysis further analyzes the required outputs by breaking the work down into its

lowest task level and linking tasks in a logical flow of activities to be performed. In essence, this is a work breakdown structure expressed in terms of the work product or output required. This information is needed to develop the performance indicators, performance standards, and quality levels in the PWS. See Appendix 7 of the OFPP Guide dated October 1998 (<http://www.arnet.gov>) for additional information.

C) Performance Analysis and Standards

Performance analysis assigns a performance requirement to each task, which involves determining how a service can be measured and what performance and quality levels apply. The performance standards establish the performance level required by the Government. Correspondingly, the acceptable quality level (AQL) establishes a maximum error rate or variation from the standard. The AQL is usually expressed as a percentage of variance from the set standard. Agencies should ensure that each standard is necessary, carefully chosen, and not unduly burdensome. The minimum acceptable performance standard should rarely be 100%, nor should the acceptable performance standard be too low as it may act as a disincentive to good contractor performance. Where appropriate, agencies should allow the contractor to propose what they consider to be the most cost-effective standard level. Agency standards should have industry input to ensure they are realistic and effective.

D) Directives Analysis

All potentially relevant Agency directives should be screened to determine which should be utilized, either in whole or in part. Wherever possible, agencies should excerpt required portions of directives and include them in the PWS. Entire documents should not be incorporated by reference when only a portion of the document applies.

E) Data Gathering

Data gathering is the process of obtaining as much information as possible of the workload to be performed and the items and services that the Government will furnish to the contractor for the performance of the contract. A historical determination of workload by the major performance categories must be made. Agencies must clearly identify the amount and types of items and services the contractor will be provided. The historical data may be used in cost estimating and should be used as a baseline to estimate future work requirements to be covered in the contract. This is very important as the contractor will use this as a basis for providing realistic cost estimates.

F) Cost Analysis

Estimated costs must be computed for each service or output based on available data. These

costs are used in preparing the government estimate, evaluating proposals, and determining positive and negative performance incentives.

G) Incentives

Incentives should be used when they will induce better quality performance and may be either positive, negative, or a combination of both. They should be applied selectively to motivate contractor efforts that might not otherwise be emphasized, and to discourage inefficiency. Incentives should apply to the most important aspects of the work, rather than every individual task.

11.1.5.7 Developing a Performance-Based Service Contract Quality Assurance Surveillance Plan

A) Introduction

The quality assurance surveillance plan (QASP) defines what the Government must do to ensure that the contractor has performed in accordance with the PWS performance standards. It is needed to ensure that the Government receives the quality of services called for under the contract, and that the Government only pays for acceptable services. The QASP is used to measure performance against the stated standards in the PWS. The QASP and PWS are therefore interdependent and should be written simultaneously. The QASP summarizes the performance standards for each task and indicates the type and level of Government surveillance, states how the surveillance results will be evaluated and analyzed, and explains how the results will affect payments to the contractor.

B) Content

The QASP should include a surveillance schedule and clearly state the surveillance method(s) (see D, below) to be used. The QASP establishes how resources will be used to ensure the Government receives what it is paying for. The details in the QASP regarding particular tasks should be consonant with the importance of the task. The QASP should focus on the quality, quantity and timeliness of the end products delivered by the contractor and not "how" the contractor shall develop the end products.

C) Style

Both the PWS and QASP can be combined into one document. This will ensure that there is no missing task(s), performance standard(s), or surveillance method(s). Combining the two into one document aids in easier contract administration. At a minimum, both the PWS and QASP should be developed simultaneously. If the originator prefers to keep them as separate documents, then the QASP should be included as an attachment to the PWS to ensure

visibility and the close relationship of both documents.

D) Surveillance Method(s)

Surveillance method(s) are a key part of the QASP. They describe how and when the Government will monitor contractor performance. Careful selection of appropriate methods enables the Government to determine the amount of resources and associated costs to perform the surveillance task. Acceptable methods include:

1) 100 Percent Inspection

This method is used for infrequent tasks with stringent performance requirements where it is critical to success, such as tasks involving health and safety issues. Performance is monitored at each occurrence. Because 100 percent inspection is administratively expensive in terms of time and manpower, this method should be used only when absolutely necessary.

2) Random Sampling

This is most appropriate for recurring tasks. With this method, services are sampled to determine if the level of performance is acceptable. Random sampling works best when the number of instances of the services being performed is very large and a statistically valid sample can be obtained. Use of computer software can aid this process if the number of samples to be observed is contained in a data base.

3) Periodic Inspection

This method calls for the surveillance of tasks on other than a 100 percent or random basis. It is appropriate for tasks that occur infrequently and do not require 100 percent inspection. Periodic inspection, or planned sampling; involves the development of a surveillance plan based on subjective judgment and analysis of Agency resources to determine which tasks to inspect and how frequently.

4) Customer Input

This method can be used as a supplement to other methods, but is not to be used as a primary method. Contractor performance is measured by the number of customer complaints. Customer complaints are gathered via customer surveys. This method can be expensive as complaints must be documented and the complaint system managed accurately by the Government using standard forms.

E) Summary

The CO and technical representative should hold discussions with contractors to ensure that the surveillance method(s) are fully understood. They must take care to avoid relying on cumbersome and intrusive process-oriented inspection and oversight of contractor performance. The surveillance method(s) used must not result in Government employees directing the contractor how to perform or engaging in personal services relationships. Surveillance must be performed as stated in the QASP. The surveillance must be performed by an individual who is qualified for the position (e.g., a Project Officer or work assignment manager intimately familiar with the requirement/contract). This person should be trained in acceptable surveillance behavior and what he or she can and can't do (e.g., supervise employees, waive contract requirements, direct contractors).

11.1.5.8 Tips on Preparing Statements of Work

There is one certainty in writing any SOW. If the Government does not clearly state the output of the SOW, the contractor will most likely submit a product that is unsatisfactory. When defining Requirements, try the following:

- Work backwards. Describe the end product and have the contractor decide what needs to be done to achieve the end product.
- Collect and review background documentation and guidance materials related to the requirement (e.g., Agency policy, scientific reports, position papers). These documents could provide useful ideas, goals, or limits.
- Review previous contracts for similar or identical requirements. Use these contracts as a starting point for determining how and if the new requirement differs from what has preceded it. However, don't assume that the previous SOW is a good example to follow. Use the experts. Seek out Project Officers (POs), work assignment managers, and Contracting Officers (COs) from past efforts to determine what worked and what didn't work on similar past requirements. Especially ask about what could have been done to make past SOWs stronger. Critique current contracts, work assignments or delivery orders. Examine what current contractors are providing and what services the SOW required. If the SOW did not describe an essential service or product, then you should consider addressing this service or product in the new SOW. Is the

Government receiving more than it needs to meet its requirements? If so, the current SOW may be vague. In service contracts, details will provide the contractor with focus and direction and will help to preclude misdirected or inefficient performance. In contracts for codes, well written, detailed specifications will ensure that the government receives items which meet its minimum needs.

- Ask potential contract users to provide, in writing, descriptions of what work the contractor needs to accomplish. Be sure to ask for specific descriptions; don't accept generalities, such as "perform analyses." Instead, ask potential users to specify what kinds of analyses they need the contractor to perform and the desired end product or deliverable.
- Involve the CO in SOW development as early as possible. The CO can help determine, in conjunction with the Office of General Counsel, which services the contractor may legally perform. (Contractors may not perform inherently governmental functions, such as writing position descriptions for Government vacancies, and may be restricted in performing other work, such as legal services and AAS.)
- Put the Government in the contractor's place. Based on the SOW, would the Government be able to deliver the supplies or services required? Would the Government be able to establish a proposed estimated cost and fee or price?
- Research must be done to identify those documents, procedures, and rules that will be made a part of the SOW itself and with which the contractor must comply.
- Prepare a "work breakdown structure" for each major work area. First, identify all of the key activities or tasks to be performed. Second, list all of the related subtasks within each key activity necessary for successful completion of all the technical requirements. This will highlight any task omissions and assist in preparing the IGCE.
- Once the list of requirements is complete, conduct a review, especially with front-line users. Conduct a similar review when the draft SOW is completed.
- Use "will" to express a declaration or purpose on behalf of the Government. (For example: "The EPA will provide the contractor with. . .") Use the word "shall" to

express an action by the contractor. Do not use "will" in conjunction with the contractor actions because the word does not expressly require the contractor to take action. Remember, the contractor **shall**; the Government **will**.

- Define and be consistent with terminology. Make sure that words and phrases (especially technical ones) are used in the same way throughout the SOW.
- Minimize use of phrases like "as required," "as applicable," or "as necessary." These phrases are not definitive and leave the action to be taken to the contractor's discretion."
- Minimize use of "any," "either" and "and/or." These words imply that the contractor has a choice. Use of "permissive" or "choice" words is appropriate if the intent is to give the contractor flexibility.
- Minimize use of words and phrases which are potentially subject to multiple meanings and broad interpretations. Among the most commonly used vague words are "workmanlike," "substantial," and "functional."
- Use the active voice, not the passive voice. Passive voice promotes ambiguity and leads to needlessly complex sentences. Avoid the use of the words "should" or "may" when describing contractor actions. For example, "The contractor should establish a program," creates uncertainty about whether the program is required, in effect permitting the contractor to make the decision. Use the active voice. For example: "The contractor shall establish a program." This ensures that the action is taken.
- Try to use short, descriptive sentences to ensure clarity.
- Minimize use of bureaucratic, legalistic, scientific or complex terms except as necessary and define them within the SOW.
- Whenever possible, use simple words and terms in order to avoid ambiguity.
- Clearly state whether the contractor is required to submit draft or final copies of any papers, reports, recommendations, etc. If you are procuring advisory and assistance

services (AAS), then discuss the process which EPA will use to review the contractor's work. See CMM Chapter 7 for details on AAS contracting.

- Avoid the appearance of personal services in regards to the way the SOW is written by omitting the details of how the work is to be performed and focusing on the end result or work product. Doing so will underscore that tasks are to be sufficiently well defined to allow the contractor to perform independently. See CMM section 7.3 and FAR Part 37.1 for details on avoiding personal services relationships.
- Avoid open-ended SOWs which contain on-going tasks without defining completion.
- Avoid abbreviations unless they are of common usage or are defined at first usage.
- Specify or emphasize performance requirements, "what is needed", rather than using a design approach, "how to."

11.1.5.9 Summary Review of Performance-Based Service Contracting and the OFPP Solicitation/Contract/Task Order Review Checklist

The SOW is the most important part of the contract. It must clearly define the requirements and provide the contractor with the background and related information necessary to understand the requirement. Proper planning, research, and job analysis are essential to acceptable performance and surveillance of successful contracts. Use of PBSC will result in a better defined, manageable and cost-effective contract. The following review checklist is excerpted from the OFPP Best Practices Guide to Performance-Based Service Contracting provides guidance for development and solicitation of a PBSC SOW:

A) Minimum Mandatory PBSC Requirement

- 1) Performance requirements that define the work in measurable, mission-related terms.
- 2) Performance standards (i.e., quality, quantity, timeliness) tied to the performance requirements.
- 3) A Government quality assurance surveillance plan (QASP) plan that describes how the contractor's performance will be measured against the performance standards.
- 4) If the acquisition is either critical to Agency mission accomplishment or requires

relatively large expenditures of funds, positive and negative incentives tied to the Government QA plan measurements.

B) Additional PBSC Components

- 5) A historic workload analysis is performed, or the workload is estimated if historic data is unavailable, to aid in determining the performance requirements and standards, Government QA plan, and incentives.
- 6) The solicitation and contract/task order convey a logical, easily understood flow among performance requirements, performance standards, Government QA plan, and incentives.
- 7) Process-oriented requirements (e.g., job descriptions, education requirements, level-of-effort and reports) are eliminated to the maximum feasible extent.
- 8) Government QA performance evaluators assigned to assess contractor performance are trained in PBSC.
- 9) Commercial and/or industry-wide performance standards, where available, are relied upon.
- 10) The marketplace and other stakeholders are provided the opportunity to comment on draft performance requirements and standards, the Government QA plan, and performance incentives.
- 11) If the size of the requirement justifies the resource expenditures, potential offerors are given the opportunity to learn more about the "as is" operation to facilitate their ability to develop intelligent proposals.
- 12) The contract/task order is fixed price.
- 13) The contract/task order is completion type (vs. term or level-of-effort).
- 14) Multi-year contracting authority is used where available.
- 15) Experience and lessons learned from predecessor acquisitions are used to convert recurring requirements into PBSC.

C) Other Considerations

- 16) Past Performance evaluations are based on the results of the QA measurements and incentives, and QA plans are consistent with past performance factors.
- 17) For recurring requirements that have been converted to PBSC, the effects of conversion are measured (e.g., price, performance).
- 18) The contract/task order is awarded competitively.
- 19) Best value evaluation/selection methods are used to award the contract/task order.
- 20) Informal conflict resolution methods are utilized (e.g., alternative disputes resolution, ombudsman, formal partnering agreements).
- 21) An umbrella-type contract that has demonstrated significant performance problems, cost overruns, or has included an amount of work that is too great or diverse to be effectively managed by either the Government or contractor, is broken up into multiple contracts.

NOTE - In addition to the above excerpted OFPP checklist, Appendices 11.1B and 11.1C are actual EPA developed PWSs and QASPs. Both attachments were written prior to this chapter, and therefore they do not precisely follow SOW format contained in subsection 11.1.5.4, however, they do contain the required information.

APPENDIX 11.1A (RESERVED)

APPENDIX 11.1B Statement of Work

TSCA Assistance Information Service (T.A.I.S.)

I. BACKGROUND

This requirement is to provide information services to support all programs implemented under the Toxic Substances Control Act (TSCA) of 1976 (15 U.S.C. 2601 et. seq.), as amended, which gives the Environmental Protection Agency (EPA) the authority and responsibility to protect human health and the environment from unreasonable risks arising from the manufacture, distribution, use, or disposal of existing and new chemicals. The TSCA Assistance Information Service (T.A.I.S.) was established in 1977 under section 26(d) of TSCA. The T.A.I.S. provides service in the form of technical and informational assistance to chemical manufacturers, processors, users, storers, and disposers, including importers and exporters, concerning requirements of the laws and regulations promulgated under TSCA (see Code of Federal Regulations, Title 40, Parts 700-End). The T.A.I.S. also provides information to environmental groups, labor groups, trade associations, law firms, consultants, state and local governments, international governments, embassies, and private citizens.

The information services to be provided by the contractor will take three forms: (1) providing technical information responses to inquiries from public and private sector firms and individuals concerning the requirements of particular TSCA regulations; (2) notifying international governments of TSCA regulated chemicals to be exported to their country; and (3) distributing informational materials. **The contractor must be cleared by EPA for access to TSCA Confidential Business Information and must comply with all requirements of the TSCA Confidential Business Information Security Manual.**

II. GENERAL OPERATIONS

A. Hours of Operation

The contractor shall operate the T.A.I.S., Monday through Friday, from 8:30 a.m. to 5:00 p.m., Eastern time, excluding all Federal holidays except Veteran's Day. The T.A.I.S. shall remain open on Veteran's Day and shall be closed the day after Thanksgiving. T.A.I.S. staff shall be available during the above core hours to personally receive and respond to telephone calls, letters, facsimile and e-mail requests, and walk-ins. The contractor shall maintain a voice message system during off hours that appropriately notifies callers that the T.A.I.S. is closed and allows callers the option of leaving a message. The fax line shall be available 24 hours a day.

B. Telephone Service

The contractor shall provide and maintain a telephone system, certified to be Year 2000 compliant, that allows efficient access to the T.A.I.S. for all callers throughout the United States and the international community. The telephone system shall provide adequate lines to support all incoming telephone inquiries and provide automatic call distribution. The contractor shall provide outgoing lines, but shall use the Government provided domestic long distance service, FTS 2000. The Government will also provide access to an international long distance carrier. The contractor shall provide a dedicated fax line using the existing fax number, 202-554-5603. The telephone system shall be capable of providing statistics on phone usage to include: number of calls received and answered; number of times all lines were busy; length of call; time waiting in queue; and abandoned calls while on hold. The telephone system shall reliably produce and maintain records which are sufficient to evaluate performance criteria including hourly, daily, weekly and monthly telephone statistics. The system shall be compatible with all telephone services paid for by the Government, including Government provided telephone lines and the FTS 2000 service. **All systems and services must be reviewed and approved by the EPA Telecommunications Office and the Contracting officer prior to acquisition.**

The contractor shall use FTS 2000 telephone service in accordance with EPA's Office of Information and Resources Management Policy Manual 2100, dated 12/21/94, Chapter 7, "Telecommunications" for outbound domestic service. The contractor will coordinate with EPA's FTS 2000 business office that will produce monthly reports on traffic analysis to the T.A.I.S. EPA-provided FTS 2000 services shall be used for the conduct of official government business only.

The Government will provide the contractor with an EPA LAN account and e-mail address for processing T.A.I.S. e-mail requests and for communicating with EPA staff. It is anticipated that there will be a growing number of e-mail requests during the performance period of the proposed contract. Any additional access to the Internet required in the performance of the SOW shall be provided by the contractor.

The contractor shall ensure that its telephone system is completely operational upon assuming T.A.I.S. operations (date to be mutually agreed upon by EPA and contractor). EPA's Telecommunications organization will be responsible for transferring/installing the out-going FTS 2000 services to the contractor's facility.

C. Facilities and Equipment

The contractor shall provide the facility to house the TSCA Assistance Information Service. The facility must be on-site or within a 15 minute walk of EPA Headquarters, 401 M Street, SW., Washington, DC., and where the existing telephone number, 202-554-1404 can be maintained.

The contractor shall provide the capability to reproduce printed material and be able to handle a copy volume of up to 60,000 impressions a month. All duplicated material shall be of good, clear copy quality.

The contractor shall provide an electronic tracking system utilizing software of choice to maintain existing T.A.I.S. reference materials such as regulatory information, mailing lists, document inventory list, and referrals lists.

The contractor shall provide the capability to receive and send facsimile documents.

The contractor shall provide storage for up to 300,000 documents annually. The contractor shall transfer documents, if necessary, from sources such as EPA's Print Shop or other EPA staff offices located within the office of Pollution Prevention and Toxics (OPPT) and transport them to the contractor's storage facility.

All contractor systems, hardware and software, must be Year 2000 compliant in accordance with Executive Order 13073.

D. Personnel

The contractor shall provide staff coverage for T.A.I.S. operations, with trained personnel during core operating hours. The contractor shall provide sufficient staff capable of responding to all inquiries.

The contractor shall ensure that all personnel assigned to work on this contract are qualified to perform the tasks outlined in this SOW. Technical staff shall be properly trained to provide timely, accurate, complete, and courteous responses to questions related to chemical regulatory activities. The project manager shall be responsible for daily operations of the T.A.I.S., quality control, superior of contract staff, and interaction with EPA.

All T.A.I.S. staff shall identify themselves at all times as contractor personnel when answering the telephone and when performing their duties. The T.A.I.S. staff shall also wear badges identifying themselves as contractor personnel at all times when performing

their duties.

Copies of the T.A.I.S. training manual and reference files currently used by the T.A.I.S. technical staff will be provided by the Government at the time of contract award. The contractor shall maintain a current training manual at all times and provide the Project Officer an updated copy quarterly. Technical staff shall remain up-to-date on program status and emerging program and technical issues. EPA will provide periodic briefings as necessary.

E. Interface with EPA

The contractor shall attend briefings and meetings to obtain up-to-date regulatory information on program status and emerging program and technical issues as necessary. Such briefings will occur approximately two to three times per month for the first three months of the contract period and one time per month thereafter.

The contractor shall communicate with the Project Officer at least weekly to resolve technical questions, issues, and problems relevant to the operation of the T.A.I.S and to ensure an appropriate information exchange. Regular meetings with the Project Officer shall be conducted on a weekly basis for the first two months of the contract period and monthly thereafter. These meetings normally will be held at EPA Headquarters; however, at the Project Officer's discretion, they may occasionally be held at the contractor's site.

The technical staff shall maintain regular interactions with EPA staff, via phone or e-mail, when an answer cannot be readily provided and clarification or assistance is needed to obtain a response.

The contractor shall notify the Contracting Officer and Project Officer in writing if the performance standards are not met or if any performance problems are experienced at any time during the contract period. Once performance issues have been identified, the contractor shall immediately take action addressing and/or correcting those issues.

III. INFORMATION SERVICES SUPPORT**PART A. RESPONSES TO REQUESTS FOR INFORMATION****SCOPE**

The contractor shall provide continued operation of an information hotline, established as a result of TSCA Section 26(d) that quickly responds to questions related to the implementation of TSCA.

TASKS

1. The contractor shall provide timely (immediate response to question or call-back within 1 working day), accurate (cited from TSCA or other pertinent statutes), and courteous responses to telephone, e-mail, fax, and letter inquiries for information concerning pertinent statutes and related regulatory activities. Most responses shall be given directly by phone, through call-backs after researching answers, or by distributing relevant documents (e.g., Federal Register notices, fact sheets, guidance documents, etc.), Direct answers to questions shall be supplied whenever cleared for public release, but opinions concerning EPA policy or policy interpretation of regulations shall not be part of a response to a person seeking assistance the contractor shall rely on published information and oral information provided by the Project Officer or other program officials to give facts related to regulatory activities. All inquiries from the press, except those seeking general background information about the program, shall be referred to the EPA Office of Communications, Education, and Public Affairs. All inquiries from Congress, except those seeking general background information about the program, shall be referred to the office of Congressional and Legislative Affairs.

ALL RESPONSES SHALL CONTAIN EPA-APPROVED INFORMATION. AT NO TIME SHALL THE CONTRACTOR STAFF RESPOND WITH OPINIONS, WHETHER THEY BE THE PERSONAL OPINIONS OF THE CONTRACTOR STAFF MEMBERS, THE OPINIONS OF THE CONTRACTOR AS A CORPORATE ENTITY, OR THE PERSONAL OPINIONS OF GOVERNMENT OFFICIALS OR REPRESENTATIVES WHO HAVE ASSISTED IN PROVIDING THE RESPONSE. CONTRACTOR STAFF SHALL BE ESPECIALLY ALERT TO ENSURE THAT OPINIONS CONCERNING EPA POLICY AND POLICY INTERPRETATIONS OF REGULATIONS ARE NOT A PART OF ANY RESPONSE TO PERSONS SEEKING ASSISTANCE. QUESTIONS IN THIS REGARD SHOULD BE ADDRESSED TO THE GOVERNMENT CONTRACT ADMINISTRATOR OR TECHNICAL REPRESENTATIVE.

2. The contractor shall maintain a current list of technical subject matter contacts within EPA (including the Regions) to consult when researching answers to technical regulatory questions. The contractor shall also maintain a current list of individuals and offices to which callers may be referred for responses to misdirected, legal, or highly technical questions. This list shall include EPA staff, other federal agencies, state and local governments, other hotlines and information services. The Project Officer will provide the contractor with the initial contact and referral lists.

3. The contractor shall document each call received in an automated tracking system. Documentation shall include at a minimum: the state from which call originated (if provided); the subject/description of the call; date of call; documents/information requested; and name of person responding to call.
4. The contractor shall pick up two copies of the Federal Register each day from the Government Printing office located at 710 N. Capitol Street, Washington, DC, 20401. The contractor shall review the Federal Register for notices published concerning toxics regulatory activities. Daily e-mail messages to a distribution list supplied by the Project Officer shall include pertinent notices and shall be generated by 11 a.m. each workday. In addition, a monthly summary of all TSCA-related Federal Register notices shall be electronically distributed to designated EPA staff by the fifth workday following the end of the performance month.
5. The contractor shall create and maintain a T.A.I.S. Web site on EPA's public access Web server that includes: (1) links to all Federal TSCA related Internet sites; (2) links to relevant and topical Federal documents related to TSCA; and (3) a "feedback" page from which the public may seek additional information and assistance through an e-mail link. The contractor shall monitor the Internet for new TSCA-related information, facilitate online research as necessary, update the Web site, and respond to e-mail inquiries. The contractor shall maintain a reference file for all TSCA related Internet sites. The Project Officer will provide the contractor with the existing Internet site list. The contractor shall create and maintain the Web pages in compliance with the Agency's "look and feel" standards, as identified at URL <http://www.epa.gov/epahome/webguide/guide.htm>.

PART B. INFORMATIONAL NOTIFICATIONS ON REGULATED CHEMICALS

SCOPE

This contractor shall provide informational notifications to international governments of TSCA regulated chemicals to be exported to their country, in accordance with TSCA Section 12(b).

TASKS

1. The contractor shall review chemical export notices for completeness and accuracy, and resolve any discrepancies with the company submitting the notification.
2. The contractor shall log and track received notifications, and determine through an automated tracking system if notification to an international government and/or entity is required. If notification is required, the contractor shall generate pre-approved

notification letters to an international government and/or entity with copies of appropriate EPA regulations attached. Complete notification packages shall be submitted to the Project Officer for signature. The Project Officer may authorize use of a signature stamp. The contractor shall deliver all signed letters to the EPA Mail Room in EPA provided envelopes (EPA will pay postage).

3. The Government will provide a database containing the boilerplate notification letters for chemicals regulated under TSCA 12(b). The contractor shall review the existing letters and revise as necessary. Revised letters shall be approved by the Project Officer.
4. The contractor shall generate weekly reports from the automated tracking system to include number of notices received by chemical, country, company, and electronically distribute the reports to a recipient list supplied by the Project Officer. In accordance with current Agency recommendations, the contractor shall use Lotus Notes, or compatible system, to electronically track all 12(b) Export Notifications.
5. The contractor shall respond orally or in writing to inquiries from U.S. exporters for guidance on how to comply with chemical export notification regulations. All written responses shall be provided to the Project Officer for signature.
6. The contractor shall respond orally or in writing to inquiries from international governments for additional information on chemical exports and EPA regulations on chemicals. All written responses shall be signed by the Project Officer.
7. The contractor shall update and maintain a listing of EPA-regulated chemicals that trigger export notification.
8. The contractor shall assist in implementing the United Nations' Prior Informed Consent Program (PIC), currently under negotiations.

PART C. DISTRIBUTION OF INFORMATIONAL MATERIALS

SCOPE

The contractor shall provide distribution of EPA-approved informational materials in response to specific inquiries as well as in support of responses provided by technical staff. In addition, there will be special distributions of informational materials to parties affected by OPPT activities.

TASKS

1. The contractor shall distribute a variety of documents in response to telephone calls,

facsimile requests, letters and e-mail requests. Document requests shall be delivered to the EPA Mail Room within 1 working day in EPA provided envelopes. (EPA will pay postage.) As requested by the caller, documents shall be faxed within 1 working day, provided the document is no more than 10 pages in length and legible. A list of documents currently available on an EPA Fax-on-Demand System (202-401-052V), maintained by the office of Prevention, Pesticides, and Toxic Substances (OPPTS), will be provided to the contractor. The contractor shall explain to callers how to electronically access EPA/TSCA documents, as required.

2. The contractor shall maintain an inventory of those TSCA-related documents the Project Officer has indicated should be distributed directly by the T.A.I.S. The Project Officer will provide the contractor with the current document inventory. Older documents shall be photocopied by the contractor as copies are needed. The contractor shall also maintain a database of pertinent regulatory materials and their availability, and shall maintain reference copies of these materials in the T.A.I.S. reference files.
3. The contractor shall pick-up and deliver materials (e.g. items for distribution, document requests, reference materials) between the contractor's facility and EPA Headquarters twice each working day - once in the morning and once in the afternoon. Pick-up and delivery points at EPA include: EPA Mail Room, Project Officer's office, and any OPPT staff office requesting information from the T.A.I.S.
4. The contractor shall routinely assist with 15-20 special mailings per year. Most mailings shall be small-scale, averaging approximately 100 addressees per mailing and 5-10 pieces of material per addressee. There shall be one large-scale annual mailing, averaging approximately 2000 addressees and 3 pieces of material per addressee. The contractor shall assemble and stuff documents into EPA provided envelopes, and deliver to the EPA Mail Room within 1-3 working days, depending on the size of the mailing (EPA will pay postage). The contractor shall create, maintain, and update a storable database containing the mailing lists used for these special mailings. In accordance with current Agency recommendations, the contractor shall use Lotus Notes or a compatible system. Current mailing lists are in dBase IV or WordPerfect and will be provided to the contractor. The contractor shall supply printed labels for each mailing. At the Project Officer's request, the contractor shall reproduce and collate documents.

IV. INCREASED WORKLOAD OPTION

When ordered by the Government, the contractor shall provide the following:

1. Call Volume. The contractor shall provide additional resources to respond to an increased call load for a short period of time, and;

2. Special Tasks. The contractor shall provide additional resources to complete special projects in direct support of the T.A.I.S. function of providing OPPT-related information. Work associated with this option may include: assisting with mass mailings, developing/maintaining mailing list databases; and assistance with preparation of presentation materials.

V. PERFORMANCE STANDARDS

The contractor shall meet the performance standards listed below:

1. All interaction with the public shall be conducted in a positive and customer service-oriented manner. All TAIS personnel shall identify themselves as contractor personnel when answering the telephone, placing follow-up or research calls or otherwise engaging in TAIS-associated duties on behalf of EPA.
2. All responses provided to the public must be accurate, appropriate, complete and courteous. Answers to similar questions must be consistent. All TAIS responses to inquiries shall be based on and consistent with EPA-approved materials maintained by the contractor. The contractor shall monitor performance under this contract to ensure that incoming questions are understood and clarified, the answer is correct, appropriate background is provided so that callers can understand the answer, the level of detail provided is appropriate to the callers needs, the technical information is correct and sources are correctly cited, referrals are made when appropriate, sources of further information are correctly identified, and appropriate documents are identified.
3. The contractor shall monitor referrals to ensure that they are necessary, appropriate to the callers' needs, and consistent. All inquiries from the press or Congress, except those seeking general background information about the program, shall be referred to EPA's Press Office or Congressional Affairs Office. Any other inquiries specifically directed to EPA or specifically requesting a response by EPA (e.g. comments on a proposed rule, compliance determination) shall be referred to appropriate EPA staff. Other specific instructions regarding procedures may be specified by the Project Officer.
4. The contractor shall immediately bring to the attention of the Project Officer any information received via the T.A.I.S. which could require action or a response by EPA (e.g., emerging public health issues or requests for speakers).
5. Average speed of answering (ASA): At least 85% of the callers shall have access to technical staff within 60 seconds of selecting the option of reaching an Information

Specialist.

6. The contractor shall ensure that a standard P.05 grade of service or better is maintained for all incoming calls. (P.05 grade is defined as 5 people out of 100 during a given day would receive a busy signal because of insufficient line capacity.)
7. The contractor shall operate the Hotline continuously throughout the entire contract period of performance.
8. All telephone inquiries shall be promptly addressed during normal operating hours. All inquiries requiring additional research and/or approval of an answer by EPA shall receive a response - either status or answer -within 1 working day. Document requests shall be sent within 1 working day after receipt of request.
9. Required reports shall be submitted accurately and on time.
10. Any new material provided by the EPA to the contractor shall be immediately incorporated into all T.A.I.S. reference materials. Any written material prepared by the contractor, including but not limited to questions and answers manual, required reports, special projects, and responses to questions shall be reviewed and approved by the Project Officer before being considered acceptable.
11. Appropriate procedures for handling TSCA Confidential Business Information (CBI), as set forth in the TSCA CBT Security Manual are consistently displayed.

Government Quality Assurance Surveillance Plan

Performance Measures - Page 1 of 2

MF= Minimum Frequency

SOW Performance Standards	EPA's Proposed Methods for Monitoring Performance Standards	Percentage Deduction*	A.Q.L. Deviation**
1) All T.A.I.S. personnel shall identify themselves as contractor personnel when answering the telephone, placing follow-up or research calls, or otherwise engaging in T.A.I.S. associated duties on behalf of the EPA.	EPA will conduct test calls (MF= 2 to 4 times per month)	3% of monthly payment will be deducted.	No deviation permitted.
2) All responses provided to the public shall be courteous, accurate, and appropriate. Answers to similar questions shall be consistent. All responses to inquiries shall be based on and consistent with EPA approved materials maintained by the contractor.	Customer satisfaction survey will be administered to Hotline customers (MF=2 to 3 times per year). EPA will conduct test calls and/or submit written inquiries and will review responses (MF= 2 to 4 times per month). EPA will review weekly activity reports (MF= Weekly).	2% of monthly payment will be deducted.	No more than 1 valid, unsolicited complaint per month, OR 90% of customers surveyed shall be satisfied.
3) All inquiries from the press or Congress, except those seeking general information about the program, shall be referred to EPA's Press Office or Congressional Affairs Office.	EPA will conduct test calls (MF=2 to 4 times per month).	3% of monthly payment will be deducted.	No deviation permitted.
4) Timely notification (i.e. within 1 business day) shall be provided on items requiring Government action or response.	EPA will review randomly selected log books (MF=Monthly) and will monitor weekly activity reports (MF= Weekly).	2% of monthly payment will be deducted	No more than 1 required situation per month may go unreported.
5) Average speed of answering (ASA): 85 percent of callers at a minimum shall have access to technical staff within 60 seconds of selecting the	EPA will audit daily phone statistics generated by automated telephone system (MF=monthly) and will conduct test calls (MF=2 to 4 times per month).	2% of monthly payment will be deducted	No more than 15% of callers per month shall be on hold for more than 90 seconds.

option of reaching an Information Specialist.			
6) A standard P.05 grade of service or better is maintained for all incoming calls.	EPA will audit daily phone statistics generated by automated telephone system (MF=monthly) and will conduct test calls (MF=2 to 4 times per month).	2% of monthly payment will be deducted	No more than 5% of callers per month shall receive a busy signal.
7) Personnel shall be available Monday-Friday from 8:30 am to 5:00 pm Eastern Time.	EPA will randomly call the T.A.I.S. (MF=monthly). EPA will randomly conduct site visits (MF=monthly).	3% of monthly payment will be deducted	No deviation permitted except under valid emergency situations.
8) All telephone inquiries shall be promptly addressed during normal operating hours. All inquiries requiring additional research and/or approval of an answer by EPA shall receive a response within one working day (answer or status). Document requests shall be sent within 1 working day after receipt of request.	EPA will conduct test calls and/or submit written inquiries (MF= 2 to 4 times per month). EPA will review randomly selected log books (MF=monthly). Customer satisfaction survey will be administered to Hotline customers (MF=2 to 3 times per year).	2% of monthly payment will be deducted	At least 90% of inquiries shall be satisfied immediately (85% during the first month of the contract to allow for training transition.). No more than 1 valid, unsolicited complaint per month.
9) Required reports are accurate and submitted on time.	EPA will monitor receipt of all reports (MF=continuously).	2% of monthly payment will be deducted	No more than 2 of the required reports per month shall be later than specified.
10) New material provided by EPA shall be immediately incorporated into all T.A.I.S. responses and reference materials.	EPA will conduct test calls (MF=Monthly). EPA will review weekly activity reports (MF=Weekly).	3% of monthly payment will be deducted	No deviation permitted.
11) Appropriate procedures for handling TSCA CBI are consistently displayed.	EPA will conduct audits (MF= 2-3 times per year)	5% of monthly payment will be deducted	No deviation permitted.

* Amount that can be reduced from monthly invoice charges.

** Acceptable Quality Level -The maximum allowable degree of deviation from the standard for the task which will be permitted by the government before performance is deemed to be unsatisfactory.

APPENDIX 11.1C Statement of Work**"REGION IX ADMINISTRATIVE SUPPORT SERVICES"****1. INTRODUCTION**

The Contractor shall furnish the personnel, provide services (except as otherwise specified herein), and perform all tasks in the operation of the supply store, shipping and receiving, mail services (including facsimile operations), photocopy/reproduction functions and conference room setups for the Environmental Protection Agency (EPA), Region IX, at 75 Hawthorne Street, San Francisco, California, and off-site locations. The Contractor shall staff the operations between the hours of 8:00 a.m. through 5:00 p.m., Monday through Friday (excluding Federal Government holidays). Alternate personnel shall be provided by the Contractor in the event an employee fails to report for duty or becomes incapacitated during normal work hours. The Project Officer must be notified if alternate personnel are provided. If there is a requirement for closure of the facility, it must be approved and scheduled through the Project Officer. The Contractor shall complete a physical inventory of the supply room assets and submit a report within (5) days following the effective date of the contract and an updated report as listed at item (11 a) of this Statement of Work. The Contractor shall inventory all equipment pool items and submit a report to the Project Officer within five calendar days following the effective date of the contract and thereafter as indicated in item (11 a) of this Statement of Work. The Contractor shall be provided on-the-job training and instructions by the EPA Project Officer, for a period not to exceed five (5) working days after the effective date of the contract, in policies and procedures to be followed in performance of the contract.

2. GENERAL

The Contractor shall:

- a. Establish and maintain up-to-date operational management procedures to ensure efficient and effective use of all personnel and facilities; this includes providing qualified personnel to perform the contract
- b. Ensure that employees are cross-trained in the various functions required by the contract
- c. Provide on-site supervision full time during the hours of operation to ensure that all functions of the contract are carried out
- d. Receipt for Government property consigned to Region IX when authorized by the

Project Officer or designee

DOCUMENT OBSOLETE

- e. Adhere to Federal, state, and agency safety standards
- f. Remove non-useful debris accumulated as the result of work required hereunder, to designated areas on a daily basis
- g. Follow all building and Government security regulations, rules, and procedures
- h. Ensure that all contractor employees maintain a neat and clean appearance and conduct themselves in a professional manner
- i. Provide for the welfare and security of contractor personnel and their personal property to include protection from fire, theft, accident, etc.
- j. Make arrangements with the Project Officer prior to scheduling meetings to ensure that the facility will be staffed during the period of the meetings

3. SPECIFIC REQUIREMENTS

3.1 Supply Operation

The Contractor shall operate the EPA Supply Room at 75 Hawthorne Street, San Francisco, California in an effective and efficient manner. The Contractor shall:

- a. Maintain a computerized inventory control system
- b. Manage the supply room
- c. Maintain inventory records for office supplies and forms
- d. Establish reorder levels
- e. Prepare and submit stock replenishment orders
- f. Maintain an up-to-date inventory of current forms and supply items
- g. Prepare Procurement Request/Order (EPA Form 1900-8) to obtain supplies and equipment from GSA Customer Supply Centers
- h. Submit all orders for supplies and equipment that will be ordered from GSA Customer Service Center and commercial vendors, also requirements for EPA forms and

publications, to the Project Officer for review, authorization, and/or processing

DOCUMENT OBSOLETE

- i. Ensure that supplies are only issued to individuals who present a Supply Request Form executed by a designated official within the originating organization
- j. Post all issues from the inventory within seven working days from the date of issue
- k. Update Region IX Supply and Forms Catalog as stock items are added and deleted
- l. Conduct a physical inventory of all items semiannually
- m. Receive stock and forms into the supply room, ensure quantities are as ordered and assets are in good condition, and note all necessary back orders and reorders
- n. Remove assets from cartons, update receipts and on hand quantities within the inventory program, and stock shelves
- o. Comply with procedures outlined in Environmental Protection Agency Property Management Manual, 4830, Books 1 & 2
- p. Keep the supply room and storage cage area clean and well organized

3.2 Shipping and Receiving

The contractor shall perform shipping and receiving functions at the following locations: in front of 75 Hawthorne Street, San Francisco, California; EPA space at 95 Hawthorne Street; 11th floor supply room at 75 Hawthorne Street; EPA Region IX laboratory in Richmond, California; and the GSA warehouse located at 1070 San Mateo Ave, So. San Francisco, California. The contractor shall perform the following duties:

- a. Pickup and deliver supplies, equipment, furniture, and administrative products
- b. Prepare, pack, crate, and move material, furniture, supplies, and equipment
- c. Prepare and submit Standard Form 364 (Report of Item Discrepancy) and Standard Form 362 (Freight Loss/Damage Claim) to the Project Officer *within 4 hours*
- d. Unload and assist in unloading shipments from delivery trucks
- e. Operate forklifts and use materiel handling equipment
- f. Receive all incoming items

- g. Note and sign all carrier's documents and consignee's copies for visible losses, damages, and discrepancies to shipments
- h. Apply a green EPA identifier decal to sensitive personal property items. Sensitive personal property items include items such as computers, computer hardware, televisions, video cam recorders (VCR), VCR cameras, and other items that EPA Region IX Property Management officer determines to be sensitive personal property, affix a blue EPA identifier decal and a bar code label to accountable personal property with a dollar value between \$5,000 and \$25,000, affix a red EPA identifier decal and a bar code label to the property if the dollar value is \$25,000 or greater
- i. Write the decal number, serial number, and model number on a copy of the receiving document for all accountable personal property and distribute the receiving document and copies of the receipted purchase order as follows:
 - 1) Procurement/Contracting office
 - 2) Financial Management Office
 - 3) Property Accountable Officer
- j. Notify the Project Officer immediately of damaged shipments
- k. Receive miscellaneous shipments of forms, publications, and other administrative items marked for specific programs within Region IX
- l. Accept and temporarily store all prepaid miscellaneous shipments in either the supply room or other storage locations that have been designated by the Project Officer
- m. Notify the consignee of miscellaneous shipments and obtain instructions for delivery or long term storage
- n. Deliver miscellaneous shipments and obtain consignee's signature or long term storage instructions from the consignee (in the latter case, the contractor shall notify the Project Officer of storage plans)
- o. Report to the receiving area at 75 Hawthorne Street within 15 minutes after receiving notification of arrival of shipments, approximately three times per week, to receive

shipments

- p. Scan in data from receipts daily and update the computerized inventory weekly or earlier if memory capacity exists
- q. Generate bar code labels using the inventory program for new and existing stock
- r. Distribute copies of receiving reports within two days following receipt of shipments, or as directed by the Project Officer
- s. Indicate partial shipments by annotating the shipping document as 1st, 2nd, 3rd, etc., shipment until final shipment is received which the Contractor shall note as "**Final Shipment**," prepare and submit receiving report for partial shipments as listed in item (11.d) of this Statement of Work, place decals on items as listed above, distribute the partial shipping documents as indicated in item (3.i)
- t. Retain all boxes and packing containers until the Contractor's verification of data on receipts is completed
- u. Not accept collect on delivery (COD) shipments

4. MISCELLANEOUS

The Contractor shall be responsible for all conference rooms seating and setup and the use of audiovisual equipment, communication equipment, and audiovisual aids. The Contractor shall:

- a. Perform small incidental moves of office furniture, equipment, and boxes to various locations within the building located at 75 Hawthorne Street, the basement storage areas at 95 Hawthorne Street, Richmond Lab, and other Bay Area locations
- b. Inspect all equipment in the conference rooms each day to ensure equipment is accounted for and in working condition
- c. Setup the following conference rooms daily no later than 8:15 a.m. for an 8:30 a.m. start time unless previous arrangements have been made. Conferences are located on the 1st floor of 75 Hawthorne Street, and the names of the conference rooms are: San Francisco, California, Hawaii, Nevada, Marinas, Guam, America Samoa, Arizona, and Palua
- d. Pickup and deliver miscellaneous items at least three time a week to and from EPA offices located at 75 Hawthorne St., San Francisco, CA, EPA Laboratory located in

Richmond, CA, and other locations only when directed by Project Officer

- e. Assemble and disassemble furniture as required
- f. Assist with or perform minor maintenance and assembly on items such as desk drawers and chairs

5. EQUIPMENT POOL ISSUE AND TURN-IN

The equipment pool is established in a secured area near the Supply Room and other locations as designated by the Project Officer. This equipment is available for short-term loan to all programs of EPA Region IX. Request for loan of this equipment may be made in writing.

- a. Issue equipment to employees after they complete EPA-IX-925 (EPA Equipment Checkout Form); for offsite use of equipment, employees must complete EPA Form 1700-9 and obtain approval of EPA Property Manager or designee before equipment is issued
- b. Receive returned equipment and note the equipment return date on the loan issuance form
- c. Contact responsible individuals and request turn-in of property which has not been returned after 5 working days of due date
- d. Inspect pool equipment daily to ensure that equipment is operative
- e. Initiate EPA Form 1900-8 (Procurement/Request Order) for repairs and forward it to the Project Officer ensuring that the form is completed with the correct nomenclature, make, model, EPA decal number, and summary of the malfunction

6. MAIL SERVICES

The Contractor shall provide all mail service for EPA, Region IX which includes receiving , sorting, routing, distributing, and dispatching mail. The Contractor shall be authorized to sign for certified, registered, express, and overnight mail, also UPS shipments

6.1 Incoming Mail

The contractor shall:

- a. Pickup EPA's mail from the U.S. Postal Services located at 75 Hawthorne Street in San

Francisco at 8:30 am daily, which includes signing for certified and express mail when authorized

- b. Maintain a log of all certified and express mail ensuring that each mail recipient sign and date the log
- c. Not accept collect on delivery mail (COD) but, notify Project Officer in such cases
- d. Sort all incoming mail by name and/or mail code; First class mail shall be sorted first
- e. Deliver mail daily at 9:30 a.m., 11:30 a.m., and 2:30 p.m., throughout the regional offices
- f. Deliver all incoming mail packages and boxes to addressees on the date received
- g. Deliver all express, overnight, registered, and certified mail **within 2 hours** of receipt to employees at the regional office
- h. Follow procedures for the Treatment of Confidential Business Information located in section H.8 of EPAAR 1552.235-71 when handling opened mail
- i. Track all incoming express mail, packages, and overnight mail with a computerized system
- j. X-ray all incoming packages, express mail, overnight mail, and local courier/messenger mail prior to delivery
- k. Make special or unusual mail distribution upon authorization of the Project Officer: may include bulk and/or presort sorting distribution

7. OUTGOING MAIL

The Contractor shall pick up all outgoing mail from designated mail drops at the times scheduled mail deliveries are made. Outgoing mail shall be sorted and handled in the following manner:

- a. Place all mail addressed to EPA Headquarters, Washington, DC in a mail bag properly labeled and sealed which will be picked up by the U.S. Post Office each day at 3:30 p.m.
- b. Maintain an inventory of mail bags, tags, and labels, provided at no cost by the U.S. Post Service, to accomplish daily shipments


- c. Pick up mail from all in-house outgoing mail boxes and bring to mail room for sorting and handling as outlined in (6.1d thru h) above
- d. Notify the Project Officer of all outgoing multiple mailings; e.g., bulk permit mail
- e. Fill out Postal Service Form 3600 (Permit Mailing) and submit it to the Project Officer for approval: after obtaining the Project Officer's approval, fold and put mail into envelopes, deliver the Form 3600 and the bulk mail to the U.S. Postal Service located at 1300 Evans Street, San Francisco, for mailing
- f. Fold, stuff, seal, and label outgoing mail, also immediately inspect outgoing mail to ensure that proper presort indicia labeling, tabbing, etc., is consistent with U.S. Post Office's regulations
- g. Process other than above outgoing mail through a postage system for application of adequate postage and notify the Project Officer as soon as possible when postage is needed to be placed on the meter
- h. Transport USPS mail (i.e. Letters, Flats, Priority Mail, Parcels, and Special First-Class mailings) to the USPS Collection Unit daily between 3:30 p.m. and 4:00 pm
- i. Maintain a log of all returned USPS receipts
- j. Sort outgoing mail to be metered by envelope size, monitor the daily volume of each size and type of mail sent out, and record the numbers in the daily log book
- k. Arrange for extra mail gondolas from the Post Office for large multiple mailings
- l. Ensure security of the mail and protect assets and facility against fraud, waste, abuse, theft, or any other unauthorized activities that would damage or threaten the integrity of the mail system

7.1 FACSIMILES

- a. Deliver all facsimile documents received in the mail room during the regular mail delivery schedule
- b. Forward all outgoing facsimiles within 30 minutes of receipt from requester

8. PHOTOCOPY REPRODUCTION AND PRINTING

The Contractor shall provide personnel to meet photocopy reproduction requirements as defined herein. The operators shall be hired, trained, and supervised by the Contractor). All jobs shall be printed as specified by the requester. Each request for photocopy reproduction shall be accompanied by Region IX Form 921, Request for Duplication Services, containing specific instructions necessary to accomplish the work. The Contractor Shall:

- a. Request for repair of copy machine within 1 hour of notification by EPA employees
- b. Requisition repairs within 30 minutes of notification of malfunction(s)
- c. Requisitions within 1 day for replacement of non-repairable equipment
- d. Produce work on the machines that is clean, clear, and of high quality resolution
- e. Operate folding, inserting, hole punch, labeling and binding machines
- f. Complete work orders that do not exceed a total of 500 impressions within four hours: an impression is defined as a photocopy on one side of the paper.
- g. Complete work orders that contain between 500 and 5,000 impressions within eight work hours and Work orders that contain between 5,000 and 25,000 impressions within twenty-four work hours from receipt of requests (see printing restrictions located in section H.1 (EPAAR 1552.208-70) of the contract.
- h. Protect the disclosure of all materials copied
- i. Present documents such as Permit Application that could be easily misplaced if removed from the file to machine operations in file folders, remove these document, duplicate the necessary copies, and return original documents to the folder in the same sequence as originally presented
- j. Keep all copied material in strict confidence and treat all duplicated copied material in accordance with the Treatment of Confidential Business Information, listed in Section H. 8 (EPAAR 1552.235-71) of this contract
- k. Time stamp  all jobs received at the copy center and place them in the input tray set up in the copy center. Upon completion of the work, the Contractor shall time stamp

↑out↑ and place the job in the output bin to be picked up by the originators

- l. Process Priority jobs immediately: up to 5% of jobs are designated as priority jobs. Priority jobs will bear the signature of the Project Officer or designee. Jobs other than priority shall be processed in the order received. All reproduction requests will be submitted to the Contractor on Government furnished forms (Region IX-Form 921-Requests for Duplication services)
- m. Place all completed work in designated distribution bins
- n. Notify the Project Officer regarding any special or unusual repair requirements, supplies, and materials needed within reasonable time to permit adequate resolution of a given problem
- o. Make signs, nameplates, hall signs, and cover sheets when required.
- p. Notify the Freedom of Information Act (FOIA) Officer or the Project Officer if a FOIA reproduction request is over 1,000 copies total per request

9. RECORD KEEPING REQUIREMENTS

The Contractor shall maintain and update the following logs and records daily for review by the Project Officer or designee as require:

- a. Log of receipts from each FEDSTRIP, Purchase Order, United Parcel Service, overnight express mail, Government Bill of Lading, and miscellaneous commercial manifests
- b. Record of the total receipts of incoming shipment from each source broken down by items/skids/boxes/crates/weights
- c. Log of EPA Property Decals assigned
- d. Record of equipment pool issues and turn-ins
- e. Record of Contractor activities resulting from miscellaneous labor service
- f. Record of all photocopy jobs

10. MONTHLY REPORT

The Contractor shall furnish a copy of a monthly report to the Project Officer on the 1st of each month following the first complete calendar month of the contract. The report shall include the following:

a. Supply Operation

- (1) Copies of each Supply Request Form and Issue Records
- (2) Record of the total receipts of incoming shipments from each source broken down by items, skids, boxes, crates, and weights
- (3) Assets on-hand, usage/issues, and outstanding orders

b. Mail and Shipping operation

- (1) Number of pieces of outgoing and incoming regular, certified, express, registered, and special mail, including any bulk and presort mailings
- (2) Number of pieces of metered mail sent out: broken down into categories of small, medium, and large envelope sizes
- (3) Number of pieces of outgoing UPS packages and the total number of incoming and outgoing overnight courier packages

c. Facsimiles and Telegrams

- (1) Number of incoming and outgoing facsimiles and telegrams processed

d. Photocopy Reproduction Operation

- (1) Number of copies made on each owned and leased machine in Region IX

11. OTHER REPORTS

a. Inventory Report of Equipment Pool Items

The Contractor shall furnish to the Project Officer an updated report on the inventory of all equipment pool assets the first workday of each quarter, following the initial report that was directed in the introduction of this Statement of Work.

b. Inventory Report of Supply Room Items

The Contractor shall furnish to the Project Officer one copy of an automated inventory report of all supply room items on hand the first of each month.

c. Progress Report

The Contractor shall furnish to the Project Officer a biweekly summary report for review of the previous week's workload and progress

d. Partial Shipment

The contractor shall prepare a receiving report for partial shipments; a duplicated copy (photocopy or equivalent) shall be used for this purpose

12. MEETINGS

- (a) The Contractor's on-sight supervisor shall meet with the Project Officer weekly to discuss current issues, report new or unusual circumstances, and obtain guidance on managing issues
- (b) The Contractor's on-sight supervisor may be required to accompany the Project Officer to meetings with EPA staff and management, other Government agencies, private or commercial vendors, etc., when the meetings affect the operation and performance of the contract.

Section 11.2 Invoice Review Process

11.2.1 PURPOSE

This section describes responsibilities, procedures, and instructions for the processing of contract invoices.

11.2.2 BACKGROUND

This section was originally issued as Chapter 6 of the Contracts Management Manual.

11.2.3 AUTHORITY/APPLICABILITY

The Contracting Officer has ultimate responsibility for invoice processing under individual contracts. Under the Federal Acquisition Regulation (FAR) system he or she may delegate authority to make decisions (FAR 1.102-4), and the accountability for the decisions made. This section addresses EPA's invoice review process within that context.

11.2.4 DEFINITIONS (*RESERVED*)

11.2.5 POLICY

It is the policy of the Government: (1) to review contract invoices thoroughly for cost reasonableness; and (2) to process invoice submittals in a timely manner. Adherence to this policy will: (1) result in payment of costs which are allowable, allocable, and reasonable; and (2) avoid interest penalties due to late payment of such costs.

The procedures in this section should be followed to the extent dictated by logic. Since the procedures are generic, some individual program variations are probably inevitable.

Use of the checklists in this section is not mandatory. They are guidelines for Government personnel involved in the invoice process. However, documentation is necessary to show that the appropriate reviews were performed.

Use of EPA Form 1900-68 is mandatory to document the suspension/disallowance of contractor billings and to inform the contractor of the Agency's 60-day response period.

11.2.5.1 Contract Invoice Process Responsibility Matrix

The Contracting Officer has ultimate responsibility for invoice processing under individual contracts. Under the Federal Acquisition Regulation (FAR) system (FAR 1.101) he or she may delegate authority to make decisions, and the accountability for the decisions made. Based on the principle of delegation, the attached chart outlines the general functions required in the review/approval of monthly invoices, and identifies who is responsible for accomplishing each step.

Each item has an explanatory note, with more information, at the end of the chart. If, for example, you are a work assignment manager, then you should review the chart and focus on the items which show the work assignment manager as having a primary (P) or secondary (S) responsibility. These are the items that you will be accountable for in the invoice review process.

The columns apply to the following groups/people: PO - Project Officer, CO - Contracting Officer; RTP-FC - RTP's Financial Center (they are the first and last stop in the Agency for all invoices); WAM - Work Assignment Manager; Audit - audit agencies or organizations performing contract audits; Other - other offices which have a peripheral role in the invoice review process. Under Superfund Contracts, On-Scene Coordinators (OSCs) would perform invoice review duties similar to those of the WAM.

Although the Delivery Order Project Officer (DOPO) is not specified as a part of the matrix grid, the DOPO (or TOPO - Task Order Project Officer) is responsible for WAM functions. In addition, since the contractor is required to bill separately for each delivery order under Indefinite Delivery/Indefinite Quality (ID/IQ) type contracts, the DOPO may be required to perform funding responsibilities normally associated with the PO, on their respective delivery order(s). For purposes of the chapter, references to Work Assignments (WAs) are also interchangeable with references to Delivery Orders (DOs).

Contract Invoice Process
Responsibility Matrix

RESPONSIBILITY OF							
CONTROL FEATURE	PO	CO	RTP-FC	WAM	AUDIT	OTHER	NOTE
<u>GENERAL</u>						P	1
1. Updating policy such as the submission of invoices and monthly progress report clauses, the Invoice Preparation Instructions, and the CMM.							
2. Providing sufficient funding.	P	S					2
<u>MONTHLY INVOICE REVIEWS</u>							
3. Specifying requirements for Submission of Invoices, and Monthly Progress Report clauses applicable to contract.	S	P	S				3
Verifying compliance with requirements.	P	S	P				
4. Ensuring availability of funds for payment of invoice and compliance with contract level cost ceilings.	S	S	P				4
5. Verify math calculations on invoice.	S		P	S			5
P = Primarily responsible							
S = Secondarily responsible							

Contract Invoice Process
Responsibility Matrix

RESPONSIBILITY OF

CONTROL FEATURE	PO	CO	RTP-FC	WAM	AUDIT	OTHER	NOTE
6. Review Monthly Progress Report (MPR) for consistency with invoice, adequacy of progress, funding issues, and to monitor key data (cost per hour and ratio of Prime to Sub.)	P	S		P			6
7. Reviewing quantities invoiced for reasonableness, and benefit to contract.	S			P			7
8. Verifying correct usage of rates specified in contract on invoices:	S	S	P	S			8
Fixed Labor Rates	S	S	P	S			
Fixed/Provisional Equipment Rates	S	S	P	S			
Indirect Cost Rates							
9. Review for compliance with cost ceilings by cost element in contract.	P	S					9
10. Ensuring sufficient explanation for cost billed to evaluate the invoice.	P	S		P			10

Contract Invoice Process
Responsibility Matrix

RESPONSIBILITY OF

CONTROL FEATURE	PO	CO	RTP-FC	WAM	AUDIT	OTHER	NOTE
11. Recording questions asked and responses during review of invoices	P	S		P			11
12. Ensuring availability of funding in correct amounts, proper account balances, and distribution of payment of account.	P		S				12
13. Identify cost to be suspended on invoice.	P	S	S	P		S	13
14. Disallow costs — Recommend — Authorize	P	P P	S	S			14
15. Maintaining history of invoices submitted, payments, discounts taken, suspensions, disallowances, and refunds	S	S	P				15

Contract Invoice Process
Responsibility Matrix

RESPONSIBILITY OF

CONTROL FEATURE	PO	CO	RTP-FC	WAM	AUDIT	OTHER	NOTE
16. Review of subcontract costs for reasonableness and consistency with subcontract.	S			S		P	16
<u>PERIODIC REVIEWS</u>		P					17
17. Periodic CO Review/Oversight							
18. Financial Monitoring Review of 1 to 3 current invoices		S				P	18
19. Annual Audit of governmental contracts - system and limited sampling.					P		19

NOTES:

- (1) The Acquisition Policy and Training Service Center (APTSC) of OAM is responsible for processing updates to FAR and EPAAR, and EPA deviations. Instructions are provided to COs when they are to modify current contracts.
- (2) The PO is responsible for providing funds in advance at a level sufficient to pay for performance and anticipated invoices. The CO is responsible for processing the procurement request and modifying the contract to obligate the funding provided by the Project Officer. Both the PO and CO should monitor the Monthly Progress Report to identify funding needs.
- (3) Specifying Requirements - The PO recommends any changes to standard contract clauses for invoices and monthly progress reports when the procurement package is submitted. The CO determines whether to use basic clauses or modify as PO requests. See invoice preparation instructions for further details. Deviations from standard clauses for invoice and payment must be coordinated with the Chief, Finance Center at RTP-FC, prior to contract award.

Confirming Compliance - RTP-FC verifies the basic invoice format, that the period complies with the contract, and rejects non-conforming invoices. The PO is responsible for ensuring more detailed review of compliance with other contract provisions, such as Superfund site-specific invoicing requirements. The CO is responsible for periodic oversight.

- (4) RTP-FC verifies that sufficient unexpended funds remain obligated to pay the invoice prior to forwarding it for PO review, and that cumulative costs billed comply with contract level ceilings. See (9) below for cost element ceilings. The PO is responsible for allocating invoiced amounts by account. RTP-FC and the PO are responsible for ensuring correct use of appropriations. The CO and PO as well as RTP-FC are responsible for identifying and deobligating excess funds.
- (5) RTP-FC will confirm that total current and cumulative costs are correctly summed, and that rates are correctly multiplied to produce dollars billed for direct and indirect costs for purposes of the Standard Form 1034 and 1035 invoice schedules (on a sample basis). Supporting schedules showing costs by WA or in greater detail (e.g., the site-specific invoicing of most Superfund contracts) should be verified by the PO, DOPO, or WAM as necessary for their review of costs at such detail.
- (6) Progress Reports must address individual WAs or DOs in addition to contract as a whole. The PO must provide Progress Reports to WAMs and DOPOs and consolidate relevant results of the various reviews for the contract. The PO and CO should discuss issues with the contractor as necessary.

- (7) The WAM or DOPO is primarily responsible for the detailed review of invoiced quantities for reasonableness and benefit to the contract. The PO is responsible for initiating action to suspend costs questioned by this review.
- (8) RTP-FC is responsible for confirming that the rates billed for indirect costs, as well as fixed or provisional rates for labor and equipment, are billed consistently with the contract rates. The PO and CO should ensure that indirect rates billed are consistent with the contract. Such confirmation should only be necessary on a sample basis after successfully confirming rate accuracy. POs, WAMs and DOPOs should perform spot checks of supporting schedules periodically. The CO should periodically verify usage of the correct rates, ensure that rates which change at the end of each contract period are changed correctly, and verify that any other conditions which result in re-calculation, or adjustment of rates are implemented as specified in the contract. Questions about current provisional indirect cost rates should be addressed to the CO, who may consult the Financial Analysis and Oversight Service Center. The CO is responsible for modifying the contract to establish changes in labor and equipment rates, and making sure RTP-FC and the PO are aware of the changes. The PO must inform DOPOs or WAMs. Generally, the Financial Analysis and Oversight Service Center will modify the contract to retroactively or prospectively change indirect rates.
- (9) Contractors should show a comparison of cumulative billings against any dollar ceilings for Travel, Overtime, Subcontracts, and against Total Estimated Cost and Cost Obligated for the contract period or contract life, as appropriate, as part of the Monthly Progress Report. The PO or DOPO should monitor every invoice to ensure compliance with ceilings specified for the current period, considering both incurred costs and the rate of expenditure. The CO is responsible for periodic monitoring.
- (10) The PO/DOPO is responsible for ensuring compliance with Superfund site-specific invoicing requirements, and obtaining any missing data or explanations needed that are brought to their attention by WAMs or their own review. The CO should be informed as necessary to correct chronic problems by the PO/DOPO.
- (11) A properly documented file should be kept by both the PO/DOPO and WAMs, along with copies of invoices reviewed and approval documents. Relevant WAM issues should also be communicated and filed in the PO file. The CO should file formal correspondence in the contract file.
- (12) The PO/DOPO is responsible for designating the proper accounts and amounts to be utilized in paying the invoice. PO/DOPO should also review cumulative account balances to verify the correct payment of prior invoices and the availability of funding needed by account for future invoices. RTP-FC determines the amount of funding available in account balances.

- (13) The PO/DOPO adjusts the invoiced amount to suspend costs/fee not proper for payment for such conditions as math errors, incorrect rates, lack of funding, and costs not satisfactorily explained, and communicates the suspension to the contractor, CO, RTP-FC, and the appropriate cost advisory personnel (i.e., Financial Analysis Center at Headquarters and for the Regions, or the Cost Analysis staff at RTP and Cincinnati). Where the PO/DOPO identifies issues subject to dispute such as lack of authorization to incur cost, unnecessary costs incurred, and excessive cost, such issues must be discussed with the CO prior to suspension. When the matter is subject to dispute, the CO must agree with such suspensions or the costs should be accepted. Either the PO and/or CO may prepare Part A of the FORM 1900-68 Notice of Contract Costs Suspended or Disallowed. WAMs provide input to POs for this purpose on work assignment contracts.
- (14) Costs suspended on invoices will be presumed to be disallowed if the contractor does not respond to the suspending official within 60 days. Costs may also be disallowed by the CO when they are first invoiced. Alternatively, costs are considered disallowed if there is no revocation of previously suspended costs. The PO may recommend disallowance to the CO for either situation.
- (15) RTP-FC maintains the official file documenting invoice payments. The PO/DOPO and CO maintain secondary files which generally include added data supporting payment decisions, suspensions and disallowances.
- (16) The prime contractor is primarily responsible for a review of subcontract costs to ensure they are reasonable, allowable, allocable and consistent with the contract and the subcontractor's progress. The PO/DOPO and WAM are responsible for monitoring the results of the prime contractor's review from a price reasonableness standpoint.
- (17) The CO is responsible for performing periodic reviews as needed to ensure that the contractor, PO/DOPO, and WAMs are fulfilling their roles properly, and for ensuring that all issues relevant to contract performance are being addressed. This should include at least one detailed review of an invoice on each contract each year.
- (18) Financial Monitoring Reviews (FMRs) performed by EPA's Cost Advisory personnel (i.e., the Financial Analysis Service Center at Headquarters and for the Regions, or the Cost Analysis staffs at RTP and Cincinnati) are scheduled on active contracts in excess of \$5 million, as resources are available. The CO and Financial Administrative Contracting Officer (FACO) are responsible for resolving cost and financial issues raised during these reviews. The FMRs target current contractor invoices to determine whether there is adequate contractor data in the accounting records and systems to support the contractor's billings, and to identify potential issues that might not otherwise be found until an audit is performed years later.

- (19) The cognizant audit agency (usually DCAA or OIG) performs annual incurred cost audits of all direct and indirect costs for all cost-reimbursable federal contracts. Typically these audits are performed 2 to 4 years after the contractor's fiscal year is over. The audits utilize a sampling plan which covers all contracts at the same time. Sampling typically results in reviewing a very small percentage of transactions. Problems/issues noted in the audit results are resolved by the appropriate contracting offices. Costs suspended and disallowed on EPA contracts must be referred to the cognizant auditor by EPA's Cost Advisory offices (i.e., the Financial Analysis Service Center at Headquarters and for the Regions, or the Cost Analysis staffs at RTP and Cincinnati) to ensure that costs not paid during invoice processing are not subsequently allowed as accepted costs by the auditors.

11.2.5.2 Role of the Project Officer in Reviewing Invoices

The PO should perform a careful review and not rely on future audits to disclose discrepancies. Auditors may not have the technical background to understand the work. People involved in specific situations may not be available for comment at contract closeout. Also, since audits may occur years after completion of the work, the persons involved in the contract may not be available to provide input during closeout.

A) Receipt of Project Officer Copy of Invoices

When the PO receives an invoice from the contractor, he/she should:

- 1) Forward the invoices to the appropriate WAMs for review, along with any supporting progress reports, if the WAMs do not receive the progress reports directly from the contractor. In addition, the PO should forward to the WAMs any additional instructions, checklists, or guidance that will help the WAMs review their invoices.
- 2) Set the WAM's review suspense date so that the PO has time to review the WAM's comments and the invoices, before forwarding the invoices to the RTP-FC in order to meet the 15 day due date from RTP-FC.
- 3) If WAMs are unresponsive, the PO should talk first to the WAM and then, if necessary, to the CO to resolve the problem.

B) Receipt of Invoice Approval Package from RTP-FC

PO should complete the above steps, verify that the PO and the RTP-FC copy are the same, and perform the following:

- 1) Review the invoice using the PO's invoice review checklist, attached WAM's comments, and the progress report. PO confirms receipt of deliverables with the WAM.
- 2) Verify that the direct and indirect rates being charged agree with the contract on a sample basis. PO and WAM should ensure rates and amounts invoiced by WA and other breakdowns are consistent with the Invoice Preparation Instructions for the SF 1034/1035, Public Voucher for Purchases and Services other than Personal. POs must perform math checks to confirm totals invoiced on any supporting schedules. RTP-FC will only review math for the amount invoiced on the SF 1034/1035. POs must also verify compliance with cost ceilings specified in the contract applicable to individual cost elements.

C) Funding

- 1) PO should determine which accounts should be used to pay the invoice (if WAs specify account(s) which must be used for payment); if no specific accounts exist, then PO should ensure the availability of funds in the appropriate accounts before signing the invoice.

Note A: If, because of internal accounting procedures, WAs are funded with specific accounts, it is up to the PO to ensure that funds are distributed according to the account on the WA.

Note B: If insufficient funds to pay the invoices exist on the contract as a whole, then the amount of the insufficiency must be suspended until funds are added to the contract. In order to prevent this from happening, POs should regularly check status of funds available in the contract, and the rate of usage on the various WAs.

- 2) If no discrepancies or problems are uncovered, and the funds are available to pay the invoice, PO will process the invoice approval via the EASY (Electronic Approval System) or by paper form (the EPA Form 2550-19T "Project Officer Invoice Approval Form") and returns them to RTP-FC.

D) Suspensions/Disallowances

- 1) If there are math errors, incorrect rates, lack of available funding (due to the limitation of funds or limitation of cost clauses of the contract), costs not satisfactorily explained, or other invoice irregularities, costs may be suspended by the PO without further discussion with the CO. If the PO is recommending suspension of certain costs, the "Notice of Contract Costs Suspended and/or Disallowed" (Form 1900-68)

must be completed and forwarded with the invoice to the payment center. Invoice payment should not include suspended amounts. The contractor may attempt to resolve all disputed items (in accordance with the instructions on the Form 1900-68).

- 2) If the contractor submits information showing the costs were valid, then the PO or CO can lift the suspension by completing the Removal of Suspension section on a copy of the original Form 1900-68 and distributing it.

The contractor must submit a new invoice for the costs that were suspended, along with a copy of the revised Form 1900-68.

- 3) If costs could be construed as authorized by the WA, but the PO is disputing them and the contractor disagrees, then the PO should fill in the Form 1900-68 suspending the costs, and notify the CO of the problem. The PO and CO should then work together to resolve the costs. If the CO finally decides that the charges are not allowable, then the CO should fill out the Disallowance section of the Form 1900-68 and distribute it. Contractor may not resubmit those disallowed costs for further payment, but may challenge the CO decision by filing a claim under the Disputes clause of the contract.

- 4) If costs are for work not authorized by the WA, the PO should refer the issue to the CO. Costs should be suspended on the invoice, and if appropriate, necessary steps taken by the PO and his/her supervisor under the ratification process to get the costs "ratified. ⤴⤴ Until the ratification process has been completed, the costs shall not be paid.

E) Filing/Recordkeeping

- 1) POs should update their financial records to reflect information concerning the invoice, the amount paid, and the account used.
- 2) Both the PO and WAM should maintain files of approved invoices and all associated documentation. These files will eventually be sent to the CO at the completion of the contract. The PO should consolidate PO/WAM invoice files before they are sent to the CO.

11.2.5.3 PO Checklist for Invoice Review

Invoice No.: _____ Performance Period: _____

Contract No.: _____ Contractor: _____ Site: _____

Due to RTP-FC on:

This checklist is based on PO review at the Contract level.

* Please provide written comments where necessary or where answers are "no" Y N NA

VOUCHER OVERVIEW

- | | | |
|----|---|-----------------|
| 1. | Does the contract period of performance (POP) cover the voucher POP? | [] [] [] [] |
| 2. | Does the invoice period of performance cover the progress report POP? | [] [] [] [] |
| 3. | Are all cost elements and cumulative amounts adequately shown? | [] [] [] [] |
| 4. | Do all costs comply with appropriate contract provisions for payment restrictions/ceilings? | [] [] [] [] |
| 5. | Does it appear the contractor will remain within the estimated cost for all work assignments before the POP expires? | [] [] [] [] |
| 6. | Has the CO issued work assignments for the period referenced in the invoice? | [] [] [] [] |
| 7. | Are specific costs (site and WA) correctly broken down, accumulated and billed | [] [] [] [] |
| 8. | If negative performance has been evident, has the contractor been notified and taken steps to correct the noted deficiencies? | [] [] [] [] |
| 9. | If this is an invoice for any previously suspended costs did they have permission to rebill it? | [] [] [] [] |

LABOR

- | | | |
|-----|--|-----------------|
| 10. | Are the labor categories and hours billed appropriate for the work required? | [] [] [] [] |
| 11. | Does the level of effort include only appropriate direct labor from the executive/clerical/support labor categories, and not labor which should be included as an indirect cost? | [] [] [] [] |

INDIRECT COSTS

- | | | |
|-----|---|-----------------|
| 12. | Are indirect costs and rates billed at the authorized rates for that POP as shown in the contract or the applicable indirect cost rate agreement? | [] [] [] [] |
|-----|---|-----------------|

OTHER DIRECT COSTS (ODCs) /FEES

- | | | |
|-----|--|-----------------|
| 13. | Are ODCs reasonable and within contract approved dollar ceiling? | [] [] [] [] |
| 14. | Have all subcontracts for which costs are shown been consented to by the CO? | [] [] [] [] |
| 15. | Did photocopying quantities stay within the limits set by the contract? | [] [] [] [] |
| 16. | Is the base or fixed fee being billed accurately? | [] [] [] [] |
| 17. | Did equipment purchases have prior CO approval? | [] [] [] [] |

I have reviewed the WAMs' checklists, this invoice, its supporting documentation, and monthly progress report for

this invoice. I agree that:

- ☐ Direct charges appear to be reasonable, accurate, and commensurate with the level of effort performed during this time period.
- ☐ Charges in the amount of \$_____ are questionable and/or not adequately substantiated, and should be withheld for now. See comments below and invoice page for details. Complete a 1900-68 or discuss with CO as specified in the PO Roles document and 1900-68 instructions.

PO Signature: _____

DATE: _____

COMMENTS:

11.2.5.4 Role of the Work Assignment Manager in Reviewing Invoices

A) On Receipt of Invoice from PO

- 1) Upon receipt of the invoice review package from the PO, the WAM should make sure he/she has the EPA approved workplan and the appropriate monthly progress report for that WA. If the WAM does not have either of these documents, he/she should contact the PO.

B) Review of Invoice

- 1) WAM should review the invoice using the WAM Invoice Review Checklist and the Contract Invoice Process Responsibility Matrix as guidelines on questions to ask, and information sought.
- 2) WAM should use the workplan, deliverables, and progress report to review the costs and hours shown in the invoice, and make an initial decision as to their "reasonableness." Any questions about specific charges should be directed first to the contractor. If the WAM is dissatisfied with the answer, then the PO or the CO should be contacted.

C) Approval of Invoice

- 1) Upon completion of the invoice review, the WAM should provide the PO with a signed copy of the invoice review checklist indicating whether they approve the invoice as submitted, or feel there are problems and certain charges should not be paid. Any comments or problems should be reflected in writing on the bottom of the checklist, or attached.

D) Filing/Recordkeeping

- 1) WAMs should maintain a file of all invoices, copies of their invoice review checklists, and all other documentation associated with the invoices for the life of the contract.
- 2) WAMs should also maintain files of all correspondence and information concerning each WA. At contract's or WA's completion, the WAM should turn over all their files to the PO for forwarding to the CO.

11.2.5.5 WAM Checklist for Invoice Review

Invoice No.: _____ Performance Period: _____ WA #:

Contract No.: _____ Contractor: _____ Site:

WAM Name: _____ Due to PO on:

*Please provide written explanations when answers are "no"

Y N NA

VOUCHER OVERVIEW

- | | | | | | |
|----|---|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. | Are specific costs (site and WA) correctly broken down, accumulated, and billed | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. | Does the invoice period of performance (POP) cover the progress report POP? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. | Are the billed costs authorized by the work assignment/workplan or the contract? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. | Is the math accurate? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. | Are the accumulated costs and level of effort invoiced within the estimates of the approved workplan? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

LABOR

- | | | | | | |
|-----|--|--------------------------|--------------------------|--------------------------|--------------------------|
| 6. | Is the labor mix consistent with the workplan? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. | Are the labor hours commensurate with work completed in POP? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. | Are the labor categories similar to the last POP? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. | If not, is there an appropriate rationale for the change? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. | Were billed premiums for overtime authorized by the CO or allowable in the contract? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

OTHER DIRECT COSTS

- | | | | | | |
|-----|---|--------------------------|--------------------------|--------------------------|--------------------------|
| 11. | WAs CO consent for any charges for subcontractors received in advance? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. | Is the level of subcontract effort charged commensurate with the level of progress made? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. | Do travel expenses appear reasonable and within the approved budget? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. | Do supply and material costs appear appropriate for the tasks completed this month? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. | Did equipment purchase have prior CO approval as required by property procedures? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. | If present, does the amount of ALL other direct costs seem reasonable and commensurate with the work performed? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

☐ No exceptions are made to the invoiced amount for the work assignment and period of performance reference above. I recommend paying \$_____ on this invoice.

☐ Exception is made to the invoiced amount. I recommend approval of \$_____. Exceptions are listed below, or attached if more room is needed.

Excepted Amount _____ Reason for Exception _____

WAM Signature: _____ DATE: _____

ADDITIONAL COMMENTS:

11.2.5.6 Contracting Officer's Role in Invoice Review

A) General

- 1) CO works with PO and contractor to resolve any invoice questions that the PO/WAM cannot resolve alone.
- 2) CO has primary responsibility for specifying which invoice and MPR clause/requirements will be included in the contract.
- 3) CO has primary responsibility for modifying the contract when informed by Procurement Policy Branch of changes to the FAR, EPAAR, or other procurement policy changes.
- 4) CO is responsible for performing periodic reviews, as needed, to ensure that the contractor, PO/DOPO, WAMs, and RTP-FC, are fulfilling their roles properly, and for assuring that all issues relevant to contract performance are being addressed.
- 5) COs should perform at least one detailed review of an invoice on each contract each year (see attached CO Checklist).
- 6) CO shares responsibility with FACO for resolving cost and financial issues raised during Financial Monitoring Reviews.

B) Funding

- 1) CO has secondary responsibility for ensuring that the contract is sufficiently funded.
- 2) CO has secondary responsibility for ensuring availability of funds for payment of invoice.
- 3) CO shares responsibility with the PO and RTP-FC for identifying and deobligating excess funds from the contract.
- 4) CO has secondary responsibility for reviewing MPR for consistency with the invoice, adequacy of progress, funding issues, and to monitor key data (such as costs per hour and ratio of prime to subcontractors). The PO and WAM are primarily responsible.
- 5) CO has secondary responsibility to ensure sufficient explanation for costs billed are provided so the PO/WAM can evaluate invoiced costs.

C) Invoice Rates and Math

- 1) CO has secondary responsibility, and RTP-FC has primary responsibility, for verifying the use of correct indirect cost rates, as stated in the contract, on invoices.
- 2) CO has secondary responsibility, and RTP-FC has primary responsibility, for verifying the math of indirect cost calculations on invoices.
- 3) CO should review correctness of indirect rates being billed at least once a year for LOE contracts and fixed rates for ID/IQ contracts.
- 4) CO should periodically verify use of the correct direct cost rates and assure that rates which change at the end of each period are changed correctly, and verify that any other conditions which result in recalculation, or adjustment of rates are implemented as specified in the contract.
- 5) CO should work closely with PO in ensuring use of correct revised rates for prior periods.
- 6) CO is responsible for modifying the contract to establish changes in labor and equipment rates, and making sure RTP- FC and the PO are aware of the changes.
- 7) COs should forward modifications and indirect rate agreements which change indirect rates from Financial Analysis and Oversight Service Center to POs and RTP-FC.

D) Suspension Allowances

- 1) CO involvement is mandatory in processing suspensions which may lead to disputes with the contractor, including issues such as lack of authorization to incur costs, unnecessary costs incurred, and where excessive costs are involved. COs have the full responsibility for all actions to disallow costs.
 - a) CO works with PO and contractor to resolve suspension/ disallowance issues.
 - b) As appropriate, CO fills out the "Notice of Contract Costs Suspended and/or Disallowed" form (Form 1900-68) and forwards it to the contractor, PO, RTP- FC, and applicable cost advisory office. A copy is retained for the contract file.

- c) The CO is responsible for following up on Form 1900-68 suspensions, and assuring that such costs are recognized as disallowed where the contractor does not respond to the suspension within 60 days, by completing the disallowance section of a copy of the previous Form 1900-68 and distributing it.

E) Contract Ceilings and Provisions

- 1) CO has secondary responsibility for confirming compliance with contract cost ceilings at least once a year, using the Financial Data Warehouse (FDW) as needed.
- 2) CO should verify compliance with any special provisions of the contract (e.g., printing, optional hours, technical direction, etc.) at least once a year. The PO is responsible for tracking compliance using the MPR during routine invoice processing.
- 3) CO has secondary responsibility for verifying compliance of invoices and MPR with contract requirements. The PO is primarily responsible.

F) Filing

- 1) CO shares responsibility with the PO and RTP-FC for maintaining a history of invoices submitted, payments, discounts taken, suspensions, disallowances, and refunds. The CO maintains a record of audit requests, audit reports, negotiations, audit resolution, and negotiated contract costs by fiscal period.

11.2.5.7 CO Desk Review Checklist for Invoice Sampling

Invoice No.: _____ Performance Period: _____ WA #:

Contract No.: _____ Contractor: _____ Site:

PO:

*Please provide written comments as necessary and when answers are "no"

Y N NA

VOUCHER OVERVIEW

- | | | | | |
|----|---|--------------------------|--------------------------|--------------------------|
| 1. | Does the invoice contain all the contractually required information in the proper format? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. | Is the math on the invoice correct? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. | Is the cumulative cost on the invoice within the level of effort for the contract during the period of performance (POP)? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. | Will the contractor remain within the level of funding for contract during the POP? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. | Does the contract POP cover the invoice POP? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. | WAs a work assignment (WA) for the POP referenced in the invoice? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. | Were all costs incurred after WA approval? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

LABOR

- | | | | | |
|-----|---|--------------------------|--------------------------|--------------------------|
| 8. | Are the costs incurred for each WA at or under the approved workplan (WP) ceiling? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. | Does it appear that the costs and labor will remain within the WP estimates? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. | Are hours expended within the approved ceilings of the WA? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. | Are direct labor costs not attributed to the LOE (e.g., support cost such as management and clerical) separate, reasonable, and tied to the WA? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. | Do the direct labor rates tie to the approved WP? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. | WAs any overtime consented to and allowable in the contract? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. | Does the PO concur with reasonableness of any travel costs? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. | Does the travel cost tie to the approved WP? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

EQUIPMENT

- | | | | | |
|-----|--|--------------------------|--------------------------|--------------------------|
| 16. | Were equipment costs incurred this period? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. | WAs the equipment purchase approved in advance? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 18. | If answer to 17 is no, does the PO concur with the equipment purchase? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

OTHER DIRECT COSTS & MATERIALS

- | | | | | |
|-----|---|--------------------------|--------------------------|--------------------------|
| 19. | Do the ODCs tie to the approved WP? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 20. | Does photocopying conform to requirements of EPAAR 1552.208-70 27 Dec 93 deviation? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- | | | Y | N | NA |
|-----|---|--------------------------|--------------------------|--------------------------|
| 21. | Are the miscellaneous costs insignificant as an amount or as a percentage of ODCs for the period? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 22. | Does the PO concur with the ODCs incurred during the period? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 23. | Do the materials appear to be reasonable in nature? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 24. | Does the materials cost tie to the approved WP? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 25. | Do the materials benefit only this WA? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 26. | Does the PO concur with purchase of the materials? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

SUBCONTRACTOR COSTS

- | | | | | |
|-----|---|--------------------------|--------------------------|--------------------------|
| 27. | Were subcontracts consented to by the CO before costs were incurred? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 28. | Does the subcontract costs tie to the approved workplan? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 29. | Are the subcontract costs disclosed in a meaningful or appropriate manner for this invoice? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 30. | Does the contractor break out the major cost elements of the subcontractor costs? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 31. | Does the PO concur with the accrued subcontractor costs? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

INDIRECT COSTS & FEE

- | | | | | |
|-----|---|--------------------------|--------------------------|--------------------------|
| 32. | Are the G&A and overhead rates on the invoice in accordance with the rates in the contract? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 33. | Is the fee calculated within the provisions of the contract? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Prepared by: _____ Date: _____

Title: _____

Comments: _____

11.2.5.8 Role of RTP-FC in the Invoice Review Process

A) Proper Invoice Determination

- 1) RTP-FC receives original from the contractor; invoice is date/time stamped the same day it is received in RTP-FC mailroom.
- 2) RTP-FC logs appropriate invoice information into the CPS.
- 3) RTP-FC determines if invoice is "proper" within seven days of receipt (consistent with OMB Circular A-125).
- 4) If improper invoice RTP-FC returns invoice to the vendor indicating the reason for return.

(Remaining Steps for Proper Invoices only)

B) Invoice Finalization and Certification

- 1) RTP-FC processes a request for approval to the PO (DOPO - for DO contracts) via the EASY or a paper EPA Form 2550-19T (PO Invoice form). A copy of the invoice will be provided in those instances where the contractor is not providing an advance copy to the PO or DOPO (generally only multi-agency contracts).
- 2) RTP-FC provides appropriate follow-up with the PO, alternate PO, and CO and their supervisors to ensure return of the Form 2550-19T or approval via EASY.
- 3) RTP-FC receives approval via EASY or paper EPA Form 2550-19T, Project Officer Invoice Approval, from PO/DOPO along with EPA Form 1900-68, Notice of Contract Costs Suspended and/or Disallowed (when amounts are recommended for suspension/disallowance).
- 4) RTP-FC processes financial payment transactions.
- 5) RTP-FC certifies undisputed amounts for payment by the Department of the Treasury in accordance with timing requirements of the Prompt Payment Act and the contract.

C) Distribution of Copies of Paid Invoices

- 1) If no exception to invoice by PO/DOPO, confirmation of invoice receipt and the date of payment is provided to the CO, PO and DOPO via a weekly e-mail report.
- 2) If suspension by PO/DOPO, confirmation of invoice receipt and the date of payment is provided to the CO, PO and DOPO confirming the information provided on the EPA Form 1900-68, via a weekly e-mail report.
- 3) If suspension or disallowance by the CO, confirmation of invoice receipt and the date of payment is provided to the CO, PO and DOPO confirming the information provided on the EPA form 1900-68, via a weekly e-mail report.

D) Filing/Recordkeeping

- 1) RTP-FC will update contract financial balances and detail records and maintain a contract file of original invoices, Form 1900-68, and electronic and paper approvals, and any documentation supporting payment (such as CO award notification, indirect rate agreements, and PO explanation of invoice approval/disapproval).

11.2.5.9 RTP-FC Verification of Proper Invoice

A) Steps taken:

- 1) Verify proper number of copies received. (RTP-FC requires only original invoice.)
- 2) Ensure each invoice contains
 - Name and address of the vendor;
 - Invoice number;
 - Contract number;
 - DO number (where applicable);
 - Invoice date;
 - Description of supplies and services;
 - Payment terms;
 - Period of Performance dates;
 - Name and address of assignee (where applicable);
 - Vendor contact person - name and telephone number;
 - Other information required by the contract terms; and
 - Signed certification by contractor that all payments requested are in accordance with contract.

- 3) Ensure that sum of line items equals the invoice total amount claimed.
- 4) Verify via CPS that this is not a duplicate billing.
- 5) Verify via CPS any "special processing" instructions are followed and, based on contract terms, determine if hold backs/retainages are required and properly shown on the invoice.
- 6) Determine if discount terms are offered and expedite processing for cost-advantage discounts.
- 7) Verify that indirect cost rates are shown (where applicable) and agree with the contract approved rates for the period of performance.
- 8) Reject invoices for costs previously suspended if an EPA Form 1900-68 removing that suspension is not on file or attached to the applicable invoice.

RTP-FC FINALIZATION OF INVOICES

For invoices approved using EASY these items are verified by the data in CPS.

B) Items verified:

- 1) Verify signature of approving official on EPA Form 2550-19T is for an individual authorized to approve invoices under the contract/DO.
- 2) Ensure no improper fund citations have been added to the CPS-generated EPA Form 2250-19T, Invoice Approval Form.
- 3) Verify via CPS that funds charged are available for the period of performance during which services were received.
- 4) Verify via CPS that all approved amounts have been charged to a valid account number.
- 5) Verify via CPS that required supporting information for the invoice is attached (i.e., site-specific attachments).
- 6) Verify via CPS that period of performance is correct for option period cited on invoice.
- 7) Verify via CPS that fee ceilings and total cost ceilings are not exceeded.
- 8) Verify via CPS use of correct fixed rates (labor, equipment, etc.) for the period of performance.**
- 9) Ensure that payments are made in accordance with the timing requirements of the Prompt Payment Act and the contract.

**** This verification will be done on a sample basis and the rate information in CPS is not displayed in EASY.**

APPENDIX 11.2A Listing of Questionable Costs

The attached listing of Questionable Costs identifies a number of cost elements, as well as a number of specific types of costs which may be found on contractor invoices. When such costs appear on an invoice, you should closely examine and then question the contractor about them. The listing also provides the recommended action to take during the invoice review - either suspend the costs or refer the issue to the CO to disallow the cost.

QUESTIONABLE COSTS INCLUDED ON CONTRACTOR INVOICES

- 1) Specifically Unallowable Per the FAR (Federal Acquisition Regulation)
(Disallow on invoices - See FAR Subpart 31.2) *
 - Alcoholic beverages, entertainment;
 - First Class airfare;
 - Interest, bad debts, contributions;
 - Public relations, advertising, lobbying costs; and
 - Gifts to employees.
- 2) Outside scope of work unnecessary *
(Suspend cost and request contractor support to justify cost billed. Determine from contractor whether such costs are identified as direct costs on the contractor's Disclosure Statement for Cost Accounting Standards (See Appendix B to the FAR))
 - Labor and travel to seminars, or conventions not associated with the contract;
 - Employee training - especially for core curriculum which employees should already have had; and
 - Costs for services, materials etc. not reasonably required by the contract.

3) Unreasonable in dollar amount *

(Suspend pending receipt of adequate contractor support);

- Excessive increases in labor rates for one or more key employees;
- Billing for services when no cost is specified (overtime for exempt employees, fully recovered rental costs, etc.);
- Intercompany charges between divisions/entities or between prime and subcontractor at other than actual cost;
- Double-billing for same cost;
- Math errors on invoice;
- Excessively rich labor mix (using higher level staff than needed) or other type of "gold plating;↑↑
- Excessive hours billed to a given WA, etc.;
- More employees than necessary sent to one site or for other contract related trip; and
- Use of Federal Express, etc., when not necessary.

4) Non-compliance contract *

(Suspend pending receipt of adequate contractor support)

- Overtime labor not meeting emergency CO preapproval requirement;
- Costs in excess of any dollar ceilings specified in the contract;

- Billing employees at a fixed labor rate in excess of rate for which they qualify;
- Rates billed are not consistent with rates specified by contract (indirect cost rates, fixed labor or equipment rates, etc.);
- Costs for subcontractors in excess of dollar/hour thresholds permitted by contract;
- Subcontract costs billed prior to payment when prime is not small business;
- Costs for subcontractors not consented to under the contract; Costs for equipment purchased for the contract, but not approved by the CO (Note: Under the FAR, contractors are expected to provide all property for performance of the contract except under limited circumstances. Equipment will normally not be a direct charge to the contract.);
- Costs for equipment purchased for the contract, but not approved by the CO (Note: Under the FAR, contractors are expected to provide all property for performance of the contract except under limited circumstances. Equipment will normally not be a direct charge to the contract; and
- Billing fixed or base fee at variance from contract provisions.

5) Typical indirect costs that may be improperly billed as direct costs *
 (Suspend as a direct cost and request contractor support to justify costs billed. Determine from contractor whether such costs are identified as direct costs on the contractor's Disclosure Statement for Cost Accounting Standards (See Appendix B to the FAR))

- Christmas Party, luncheons, coffee services, potted plants;
- Supplies (including items such as toilet paper) that serve a general purpose applicable to all work performed by the contractor; and
- Computer software, chips, related training that benefits all work performed by the employees.

6) Contrary to prior engagement *

(Suspend pending receipt of adequate contractor support)

- Labor for managers, clerical personnel not identified in cost proposal or Disclosure Statement as direct costs; and
- Billing for cost centers, labor categories, or cost elements not previously proposed or authorized.

7) Insufficiently documented

(Suspend pending receipt of adequate contractor support)

- Cannot tell if properly allocable to contract, or allocated on a reasonable basis;
- Labor, travel, subcontracts, etc. which are not sufficiently detailed to determine what charges are being billed, reason for, whether necessary, etc.; and
- Invoices which do not reflect indirect cost rates, or fixed rates for labor, equipment, etc., specified by contract and/or application base/quantities are not identified.

8) Otherwise Questionable

(Suspend pending receipt of adequate contractor support)

- The contractor was acquired by another entity (purchase, merger) and continues to invoice at the same indirect rates, even though the rates are no longer valid, and the contractor claims that there is no change needed;
- The contractor starts the billing for new cost elements, or using new rates which are "approved by DCAA," but for which the PO and CO have not been notified; and
- Contractor charges for supplies, equipment, other direct costs at pre-established rates which do not reflect actual incurred costs.

Where direct costs are suspended or disallowed, applicable indirect costs and fee should also be suspended or disallowed.

DOCUMENT OBSOLETE

APPENDIX 11.2B

INSTRUCTIONS FOR EPA FORM 1900-68

When a PO or CO identifies costs in a voucher that are to be suspended or disallowed the Form 1900-68 is used to identify those costs, the associated reasons and to communicate the action to all necessary parties.

Examples of costs that a PO might suspend without CO involvement are: math errors, incorrect rates, and a lack of available funding. Examples of Costs that CO involvement would be necessary to suspend or disallow costs include lack of authorization to incur cost, unnecessary costs incurred, and excessive costs. Section A, Cost Suspension, may be filled out by either the CO or PO. The PO and/or CO must fill out the Form 1900-68 explaining the suspended amount, sign and date the Form and send it to the contractor. The contractor must fill out the acknowledgment of receipt on the applicable area on Form 1900-68 and return a copy of it to either the PO or CO who made the suspension. A copy of the Form 1900-68 would go to RTP Finance with the Approval Forms package. Copies of the Form 1900-68 would be filed by PO and/or CO and a copy sent to the applicable Cost Advisory Office for use in interim and final audits.

The Form 1900-68 states that the contractor has 60 days from the date of suspension to respond, or the costs will be considered disallowed and those costs should be transferred to an unallowable account in the contractor's accounting records. If the contractor wishes to respond to the suspension, it must as a minimum furnish documentation specified on the Form 1900-68 for the costs to be considered allowable. The contractor will then resubmit this documentation to the PO and CO for review. Either the CO or PO who originally suspended the costs will consider the documentation or, if it is adequate, they will fill out a revised Form 1900-68 Block B. (Removal of Suspension) for some or all of the costs suspended. Copies of this revised Form 1900-68 would go to the contractor, CO and PO, RTP FC, and Cost Advisory Office.

The contractor may rebill suspended costs after receiving the Removal of Suspension using a separate invoice and attach the Form 1900-68 Removal of Suspension notice to the invoice. The contractor must then resubmit this bill for payment in accordance with contract invoicing requirements.

If the contractor prepares supporting documentation for suspended costs that the PO deems unacceptable, the PO will notify the CO of this and ask for a final determination on the allowability of the costs. If the CO agrees with the PO, a revised Form 1900-68 with Block C (Disallowance of Costs) should be completed and sent to the contractor instructing the contractor to eliminate such costs on future invoices and to move such costs to unallowable accounts on their accounting records. The contractor must acknowledge receipt of the disallowance notice by signing and returning the notice to the CO. Where the CO processed the suspension, the CO will inform the PO and disallow the cost. Copies of the revised Form 1900-68 should be sent to RTP

Finance, the contract file, and the applicable Cost Advisory Office.

DOCUMENT OBSOLETE

United States Environmental Protection Agency Washington, DC 20460 NOTICE OF CONTRACT COSTS SUSPENDED AND/OR DISALLOWED		PAGE OF PAGES
TO: (Name and Address of Contractor)		Contract Number Date
Delivery Order Number (If Applicable)		Voucher Number Reference
1. SUSPENDED COSTS, as referred to herein, are costs which, for the reasons stated below, have been determined by the undersigned to be inadequately supported or otherwise questionable, and not appropriate for reimbursement under the contract terms at this time. Such costs may be determined reimbursable after the contractor provides the Contracting Officer and/or Project Officer additional documentation or explanation as specified below. 2. DISALLOWED COSTS, as referred to herein, are costs which, for the reasons stated below, have been determined by the undersigned to be unallowable, that is, not reimbursable under the contract terms. 3. This notice must be responded to by the contractor within 60 days of issuance. Any suspended costs will become disallowed if the contractor does not respond in the time allotted. These disallowed costs should be removed from the contractor's accounting records for this contract. 4. The contractor may not rebill any suspended costs on this form until notified by the Contracting Officer and/or Project Officer on this contract that the suspension has been lifted. 5. If the contractor disagrees with this/these determinations, the contractor may (1) request in writing the cognizant contracting officer to consider whether the unreimbursed costs should be paid and to discuss their findings with the contractor and/or (2) file a claim under the "Disputes" clause of the contract. 6. Copies of this Form 1900-68 should be distributed to the Contracting Officer, Project Officer, RTP Finance, and the applicable Cost Advisory Office.		
A. COST SUSPENSION		Date of Notice
Contracting Officer and/or Project Officer	Name and Title of Authorized Official	Invoice Number
		Signature
ITEM	Description of Items and Reason for Action. Documentation needed in order to rebill suspended costs.	Amount of Costs
B. REMOVAL OF SUSPENSION		Date of Notice
Contracting Officer and/or Project Officer	Name and Title of Authorized Official	Invoice Number
		Signature
ITEM	Description of Items and Reason for Action.	Amount of Costs
C. DISALLOWANCE OF COSTS		Date of Notice
Contracting Officer	Name and Title of Authorized Official	Invoice Number
		Signature
ITEM	Description of Items and Reason for Action.	Amount of Costs
CONTRACTOR'S ACKNOWLEDGMENT OF RECEIPT - The contractor or its authorized representative shall acknowledge receipt of this notice to the Project Officer and/or Contracting Officer.		
Date of Notice	Name and Title of Authorized Official	Signature

EPA Form 1900-68 (Rev. 03-96)